

Earnings Briefing Materials for FY2023

March 1, 2023 to February 29, 2024

Tokyo Individualized Educational Institute, Inc.

April 9, 2024

Today's Agenda

- 1. FY2023 Performance and FY2024 Earnings Forecast**
- 2. FY2024 Business Plan**
- 3. Q&A**



1. FY2023 Performance and FY2024 Earnings Forecast

Tokyo Individualized Educational Institute, Inc.



Details of FY2023 Full-Year Earnings Announcement

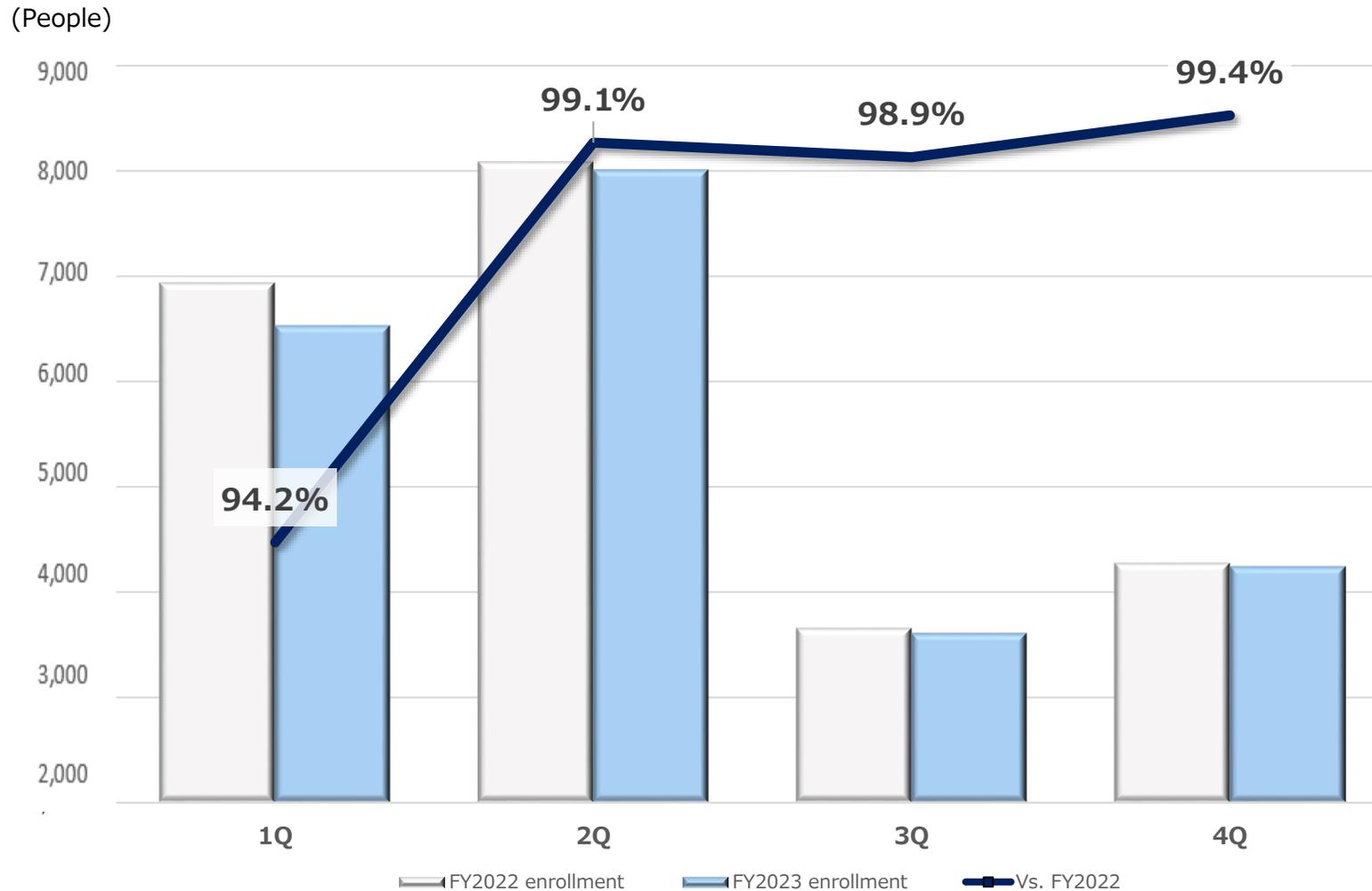
FY2023 consolidated P/L

(Millions of yen)

	FY2023 (consolidated)	FY2022 (consolidated)	YoY Change	YoY rate of change
Net sales	21,661	21,790	-129	99.4%
Cost of sales	13,828	13,975	-146	98.9%
Cost of sales ratio	63.8%	64.1%	-3Pt	-
Gross profit	7,832	7,814	+18	100.2%
Gross profit ratio	36.2%	35.9%	+0.3Pt	-
SG&A	6,223	5,989	+234	103.9%
SG&A ratio	28.7%	27.5%	-1.2Pt	-
Operating income	1,608	1,824	-215	88.2%
Operating income margin	7.4%	8.4%	-1.0Pt	-
Net income attributable to parent company	959	1,249	-290	76.8%

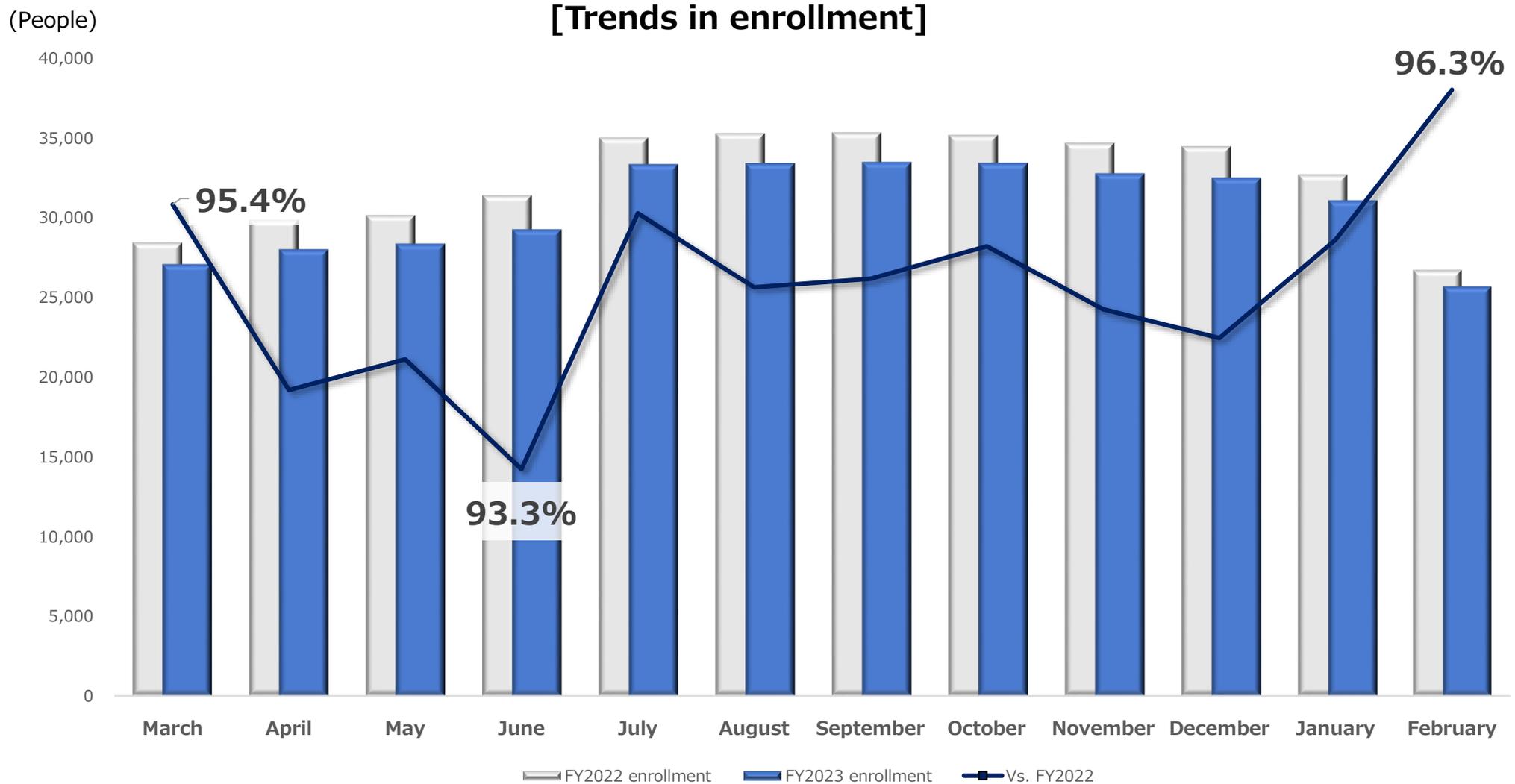
Enrollment recovery trend continued from 2Q

[Trends in quarterly number of students enrolled]



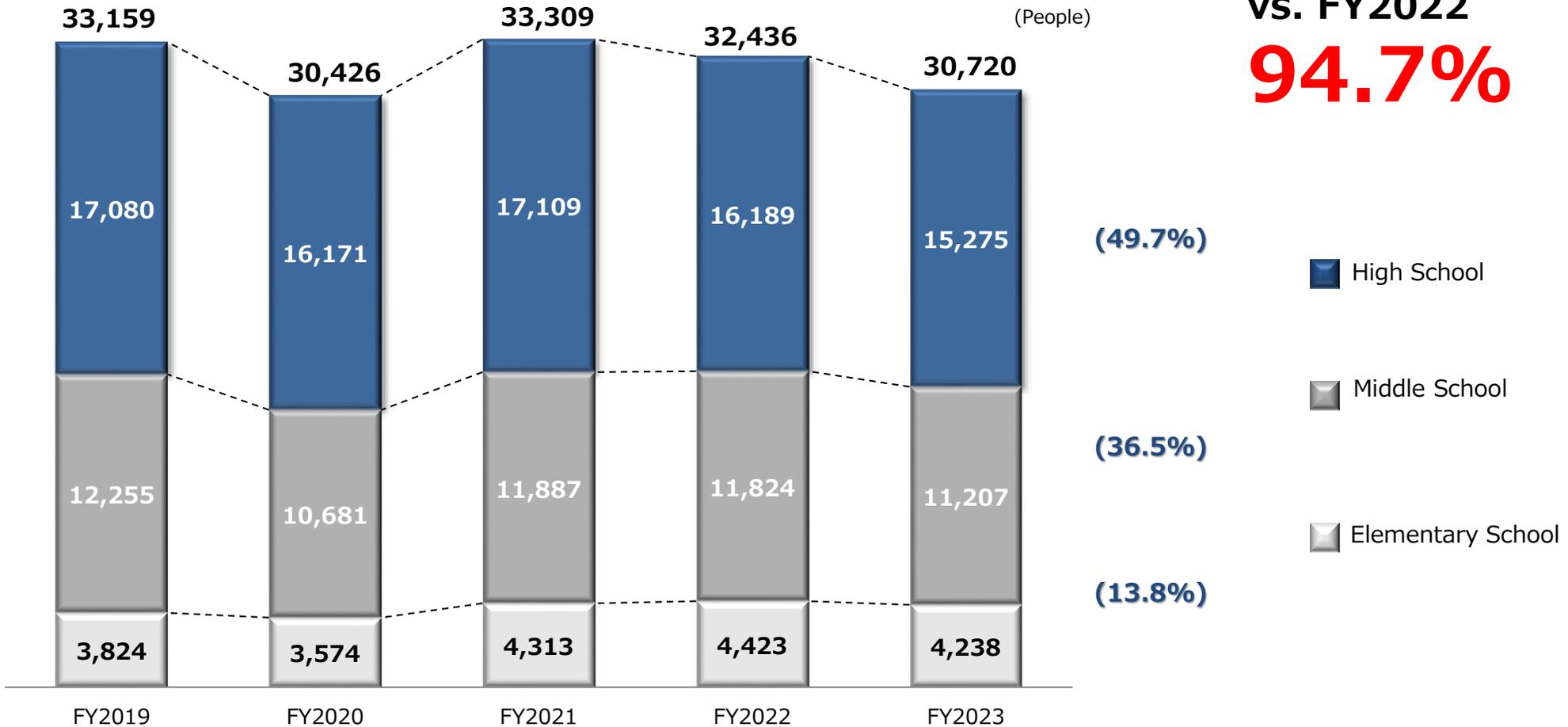
*Enrollment numbers for individualized teaching only

A Look at student enrollment numbers



No change in enrollment structure by student category

[FY average number of students (by student category)]

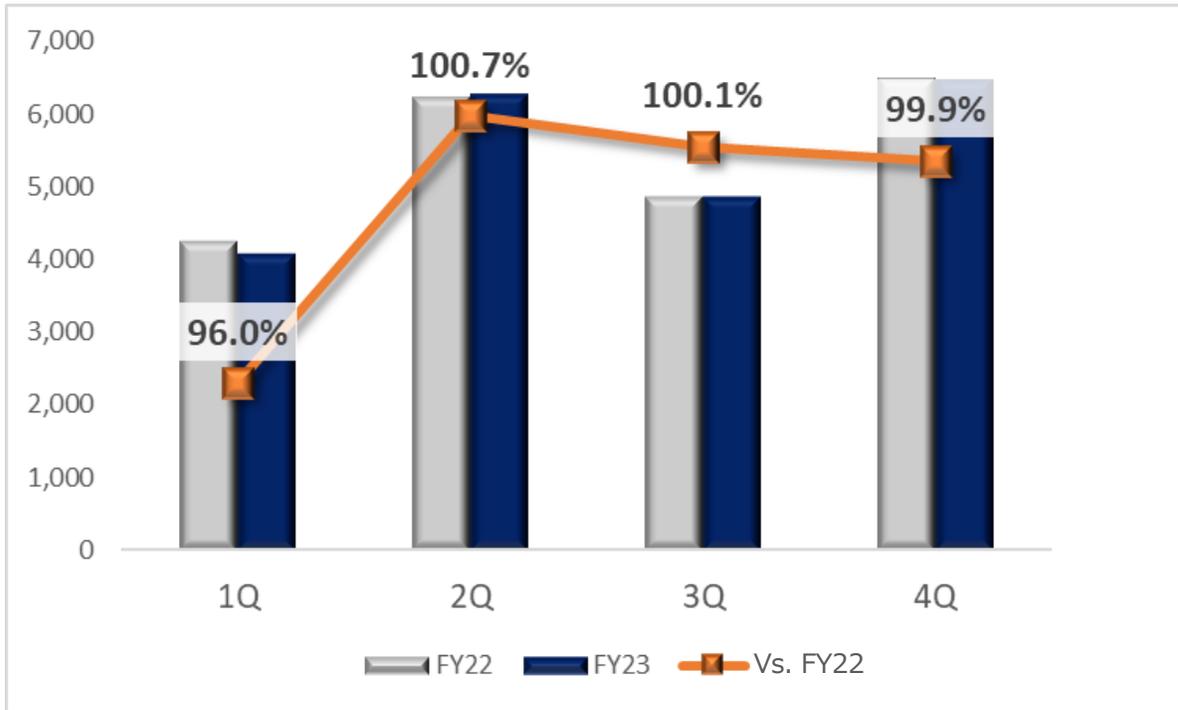


Average annual enrollment for FY2023 (vs. FY2022):
high school 94.4%; middle school 94.8%; elementary school 95.8%

Trends in net sales/operating income

[Consolidated Net Sales by Quarter]

(Millions of yen)



[Consolidated Operating Income by Quarter]

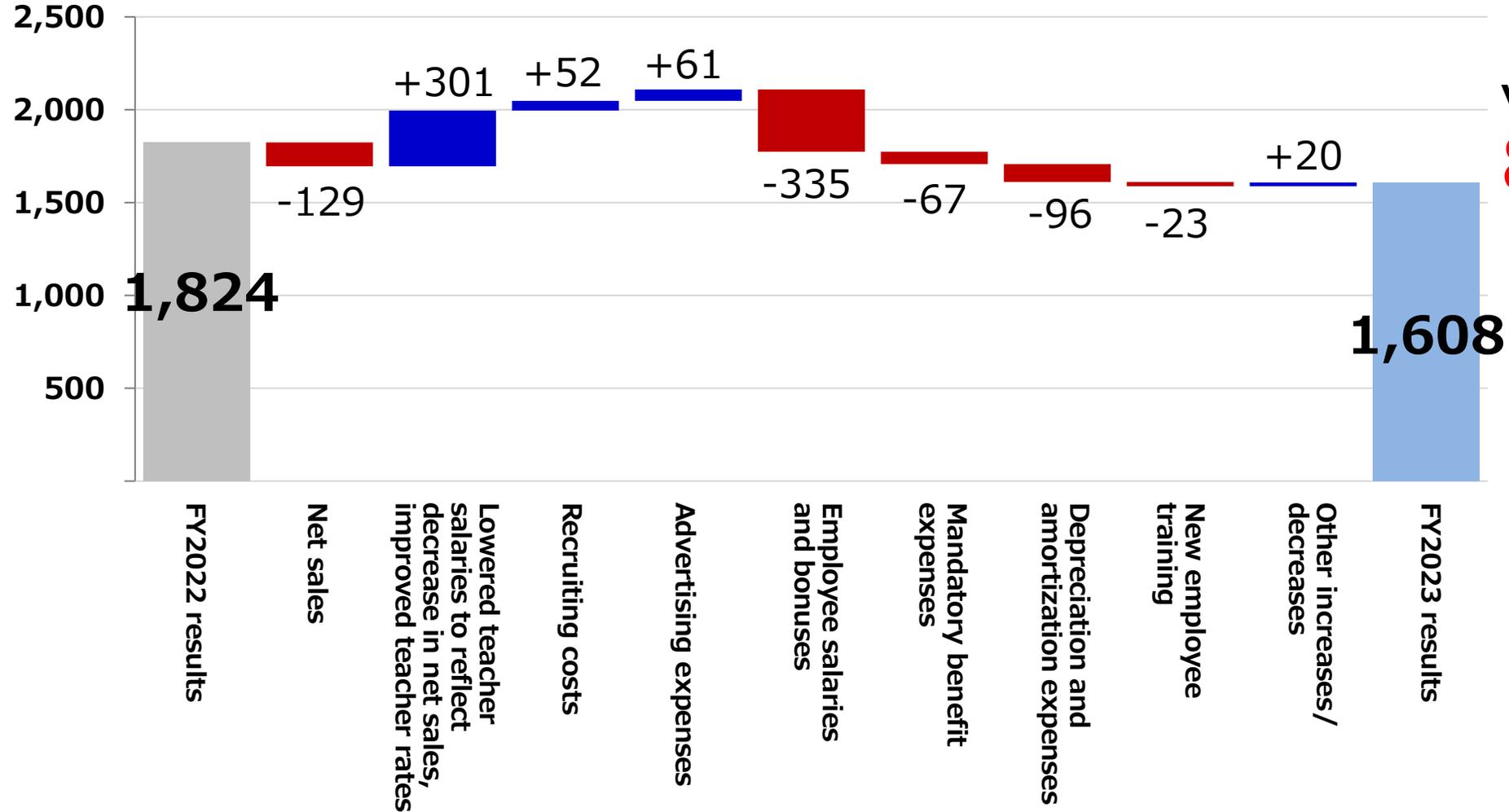
(Millions of yen)



Profit decreased on impact of human resource and system investments

[FY2023 Analysis of increases/decreases in profit]

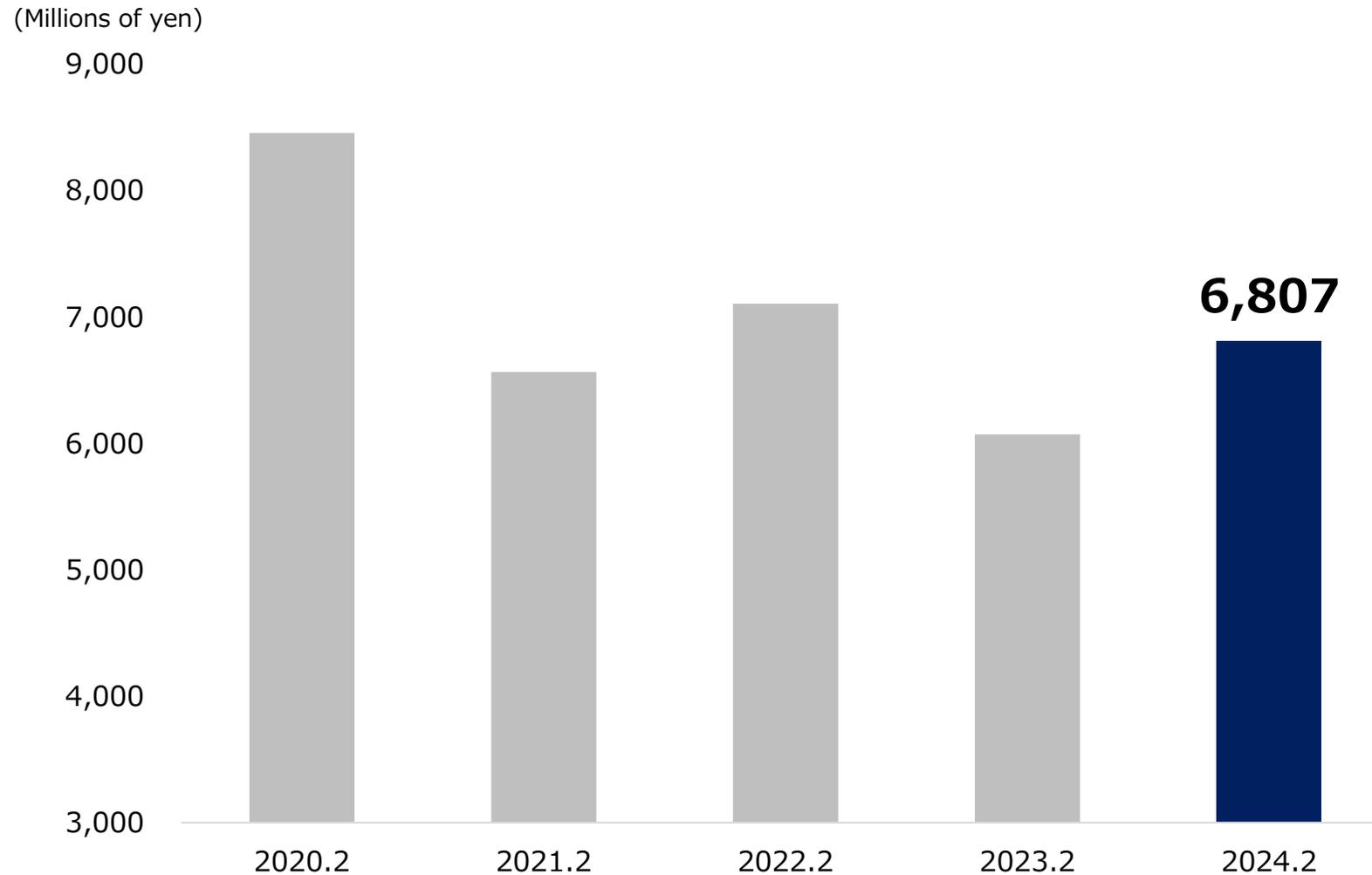
(Millions of yen)



vs. FY2022
88.2%

Year-end trends in cash and cash equivalents

Maintain financial stability



Trends in consolidated earnings

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	21,261 million yen	19,142 million yen	22,495 million yen	21,790 million yen	21,661 million yen
Net income	1,897 million yen	253 million yen	1,578 million yen	1,249 million yen	959 million yen
Net income per share	34.94 yen	4.66 yen	29.07 yen	23.02 yen	17.67 yen
Year-end stock price (final price)	554 yen	632 yen	599 yen	524 yen	446 yen
P/E ratio (*1)	15.9x	135.6x	20.6x	22.8x	25.2x
Year-end net assets	9,606 million yen	8,447 million yen	8,616 million yen	8,457 million yen	8,440 million yen
Year-end net assets per share	177 yen	155 yen	158 yen	155 yen	155 yen
ROE (*2)	19.8%	2.8%	18.5%	14.7%	11.4%
PBR (*3)	3.1x	4.1x	3.8x	3.4x	2.9x

*1) P/E ratio: year-end stock price / net income per share

*2) As this is the first year of consolidation, ROE for the 37th fiscal year is calculated based on year-end shareholder's equity.

*3) PBR: year-end stock price / year-end net assets per share



FY2024 Earnings Forecast

Forecasting increased net sales but decreased income on investments to resolve issues

(Millions of yen)

	FY2024 (consolidated) Forecast	FY2023 (consolidated) Results	Change	YoY rate of change
Net sales	21,797	21,661	+136	100.6%
Operating income	1,271	1,608	-337	79.1%
Operating income margin	5.8%	7.4%	-1.6pt	-
Ordinary income	1,273	1,615	-342	78.8%
Net income attributable to parent company	757	959	-202	78.9%
Net income margin	3.4%	4.4%	-1.0pt	-
EPS	13.95	17.67	-3.72	-

Consider investments for future sustainable growth while steadily aiming for a dividend payout ratio of 50% or higher

	FY2020	FY2021	FY2022	FY2023 (Forecast)	FY2024 (Forecast)
Full-year dividend	26 yen	26 yen	23 yen	*16 yen	12 yen
Dividend payout ratio(consolidated)	557.8%	89.4%	99.9%	*90.6%	86.0%
Mid-year dividend	13 yen	13 yen	13 yen	8 yen	6 yen
End-of-year dividend	13 yen	13 yen	10 yen	*8 yen	6 yen

* TBD at 41st Ordinary General Meeting of Shareholders

[Dividend policy]

We position stable profit returns to shareholders as one of our highest priority management policies. To that end, we prioritize increasing ROE to ensure our ability to issue stable profit dividends. We also implement a capital policy that gives due consideration to maintaining a practical level of internal retention to ensure business continuity and investments to promote future sustainable growth. Our basic policy for dividends of surplus is to issue dividends twice a year via a mid-year dividend and an end-of-year dividend. To further enhance profit returns to shareholders, our basic policy is to aim for a dividend payout ratio of 50% or higher.



2. FY2024 Business Plan

Tokyo Individualized Educational Institute, Inc.

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.**



Looking Back on FY2023

FY23 core policies

1

Marketing reform focused on web-based marketing

Overall inquiries recovered to 97% YoY, and exceeded 100% YoY during 2H.

2

Develop and create framework for educational content

Developed and launched service for mid-term test content for university entrance exams (June)

Developed and strengthened educational framework as a market strategy for middle school entrance exams

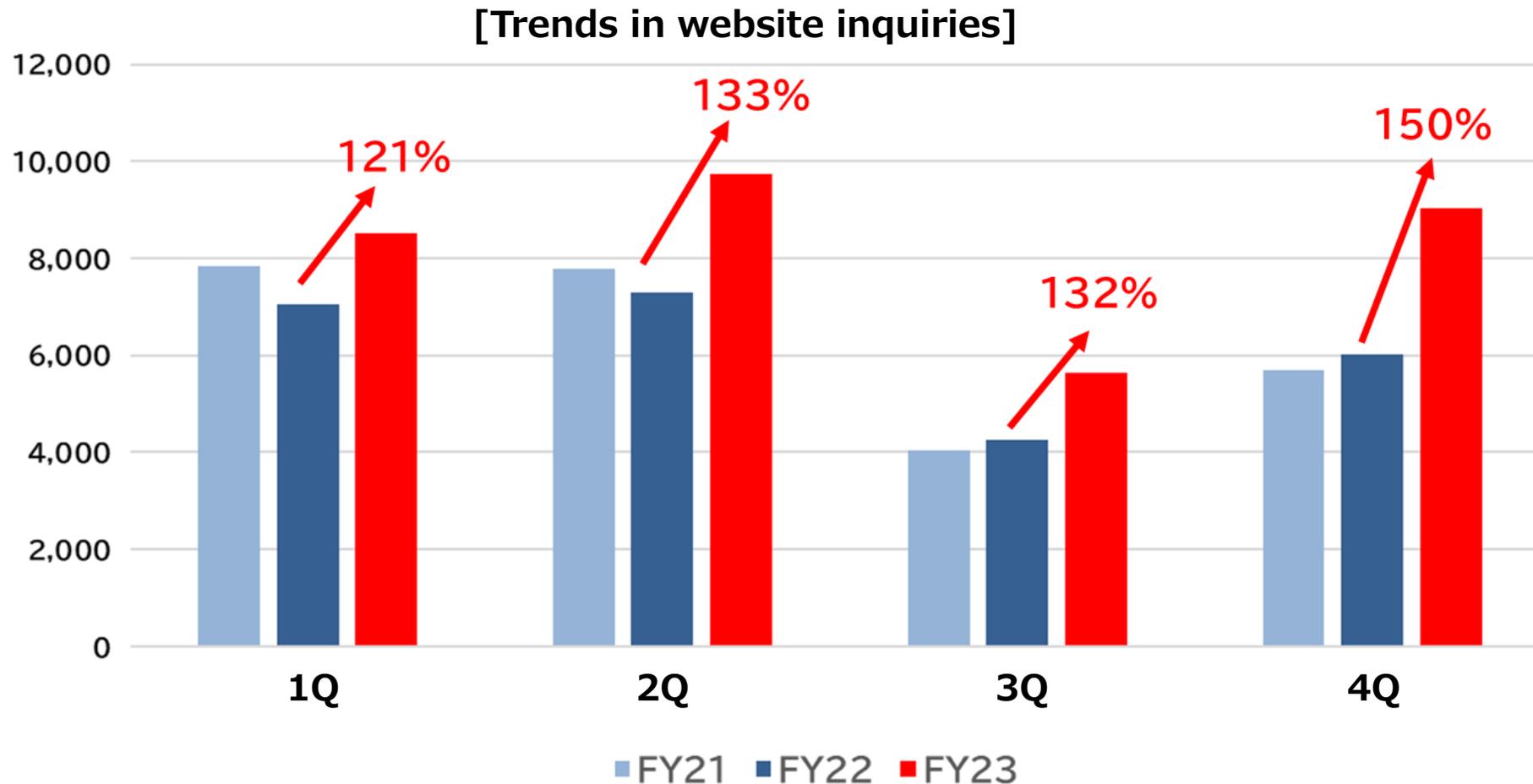
3

Strengthen operating structure to enhance Group collaboration

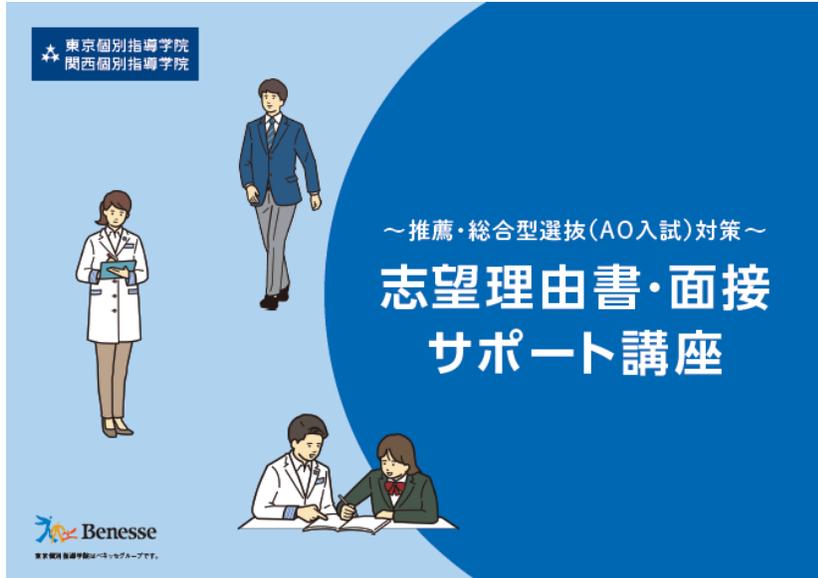
Stimulated personnel interactions in service development domains, including through the reassignment of directors

Implemented marketing reform

Marketing reform focused on web-based marketing for significant recovery in inquiries through our Company website, which account for nearly half of inquiries



Released mid-term test content for university entrance exams



Mid-term test preparation text cover page

志望理由書・面接サポート講座

「志望校のことをもっと好きになる」これが合格への近道です。そのためには、志望校のことについて深く考え、そこで成長する自分を重ねて考えてみるのが大切です。本講座は10回の講義で構成しています。さまざまな角度から考えをめぐらせることで、新たな気づきがあるでしょう。そして、その気づきを面接で伝える準備をしましょう。

事前課題

Unit.1	アドミッション・ポリシーから戦略を立てる
Unit.2	アドミッション・ポリシーから戦略を立てる
Unit.3	アドミッション・ポリシーから戦略を立てる
Unit.4	アドミッション・ポリシーから戦略を立てる
Unit.5	アドミッション・ポリシーから戦略を立てる
Unit.6	アドミッション・ポリシーから戦略を立てる
Unit.7	アドミッション・ポリシーから戦略を立てる
Unit.8	アドミッション・ポリシーから戦略を立てる
Unit.9	アドミッション・ポリシーから戦略を立てる
Unit.10	アドミッション・ポリシーから戦略を立てる
Unit.11	アドミッション・ポリシーから戦略を立てる
Unit.12	アドミッション・ポリシーから戦略を立てる

Unit.1 アドミッション・ポリシーから戦略を立てる

1 用語を知る

ディプロマ・ポリシー（学位授与の方針）
各大学、学部・学科等の教育理念に基づき、どのような力を身に付けた者に卒業を認定し、学位を授与するのかを定める基本的な方針であり、学生の学修成果の目標となるもの。

カリキュラム・ポリシー
ディプロマ・ポリシーを編成し、どのような内容をどのように評価するもの。

アドミッション・ポリシー
各大学、学部・学科のアドミッション・ポリシーから戦略を立てる

2 志望校のことを知る

① 志望校の精神/教育理念

② ディプロマ

③ カリキュラム

④ アドミッション

⑤ 回答

3 アピールポイントを考える

① 志望校が求めている学生像とあなたのアピールポイントが重なっていることが大切です。

② エピソード

③ エピソード

④ エピソード

⑤ エピソード

WORK

志望校のホームページなどで調べたことで特徴的だったことを具体的に書く。また、その特徴から志望校の目指す方向性を考える。

WORK

前のページの最終に書き出した言葉から、あなたがアピールできそうなことを選び、それに1つずつ書き出す。その後、それに関するエピソードを具体的に書く。

リフレクション

何をアピールすればよいのかを考えた。

4

Mid-term test preparation text

12月までに大学合格を決めたい方へ

推薦・総合型選抜(AO入試)対策

志	望	理	由	書	・	面	接
サ	ポ	ー	ト	講	座		



Launched service in June 2023

Improving school profitability

Promoted improvement in school profitability by consolidating schools in areas with two schools at the same station after careful evaluation of customer convenience

FY2023 School Consolidations

Funabashi North Exit School+
Funabashi School (Chiba)
June 2023

Kichijoji-Honcho School+
Kichijoji School (Tokyo)
December 2023

Tsudanuma School+
Tsudanuma South Exit School
<Relocation>: Tsudanuma Viit School
(Chiba)
December 2023

FY2024 School Consolidations

Machida Terminal Exit School+
Machida School (Tokyo)
March 2024



Tsudanuma Viit School

New school openings in optimal areas based on evaluation of future population trends

FY2024 New School Openings

Kachidoki School (Tokyo)
March 23, 2024

Koiwa School (Tokyo)
March 23, 2024

***Planning on 5 new school openings in FY2024**



Kachidoki School

Strengthen efforts to improve the value of schools in the individualized teaching business

1

Quality improvements to promote goal achievement/ results for each student

Increase consultation & proposal capabilities, implement quality improvement cycle

2

Environment improvements to provide students a comfortable environment for studying

Improve school facilities, develop infrastructure

3

Strengthen communication with students and parents

Communication tools utilizing DX

4

Expand share of private integrated middle and high schools

Improve quality of middle school entrance exam instruction, expand in-school tutoring, develop school-specific content

5

Expand share by strengthening services for public high school entrance exams

Incorporate services for the 5 subjects of public high schools

Expand share of private integrated middle and high schools

■ Strengthen services for middle school entrance exams

- ✓ Strengthen staff/teacher educational affairs and academic path guidance capabilities
- ✓ Strengthen data-driven application guidance capabilities

■ Strengthen school-specific services for private middle schools and high schools

- ✓ Services for regular tests and internal matriculation tests

■ Expand in-school tutoring

In-school tutoring by Tokyo Individualized Educational Institute, Inc.

Superiority of teacher quality

Experienced at individualized teaching in a classroom
Unique knowledge of how to increase motivation and provide guidance
TKG unique in-school tutoring know-how



Benesse Group Partnerships

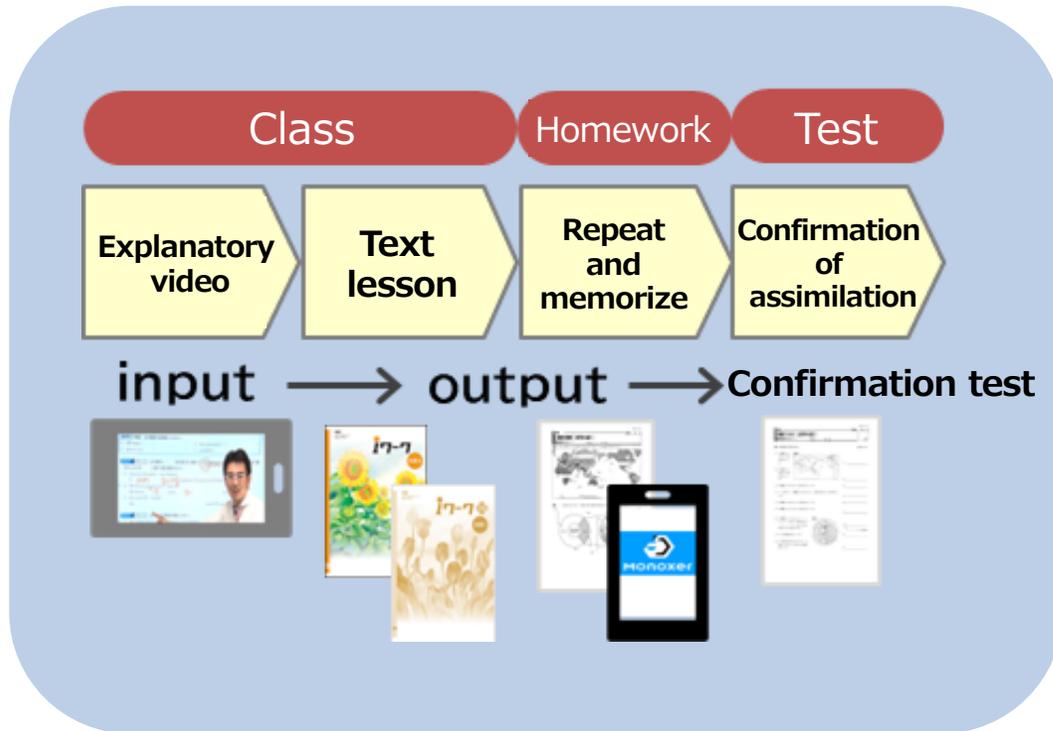
Close-knit partnerships with Benesse for mock test data
Classi+ assessment data for assessing and ascertaining current level
Study-level specific problem distribution and guidance



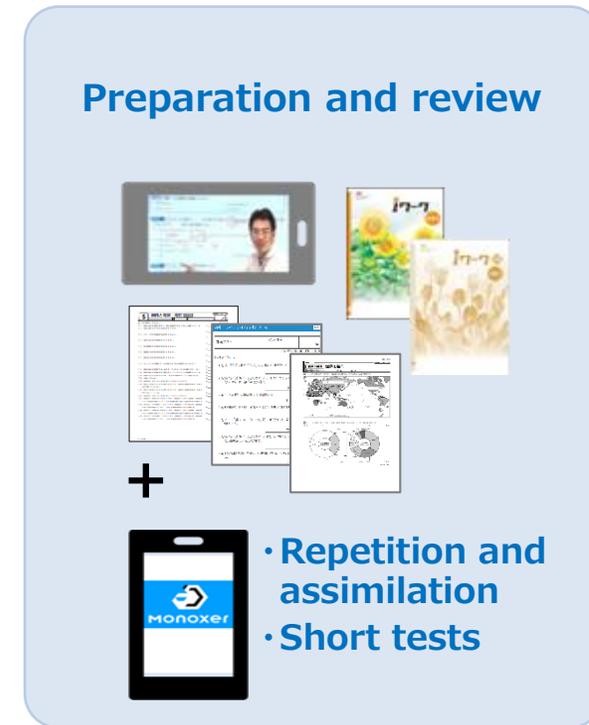
Strengthen services for public high school entrance exams

Strengthen services for public high school entrance exams by launching an optional service that covers the 5 subjects through individualized teaching

Class



Home study



Decision not to release medium-term management plan

This fiscal year, prior to considering future business growth, we first prioritized the recovery of short-term performance and resolving internal structural issues.

Specifically, these efforts included developing courses to address yearly tests, promoting projects related to in-school tutoring and needs-specific course development, engaging in marketing reform to achieve a significant year-on-year increase in inquiries through our Company website, and strengthening our consultation capabilities to improve enrollment retention. As a result of these efforts, we saw signs of a recovery in performance but this process is still underway.

Our view on next fiscal year is that we will need to continue concentrated efforts to addressing short-term issues to elevate the base strength of Tokyo Individualized Educational Institute, Inc.

As such, we have decided not to draft a medium-term management plan at this time. This decision reflects expectations of a solid recovery in short-term performance after next year. Furthermore, we will be working under a new management structure. Under this new structure, we will take utilize the diverse assets of the Benesse Group to draft a term management plan for addressing medium and long-term issues and developing new business domains.

Q&A

Q&A

Please click on the “Ask a question” button to the left and submit your questions as text.

Received questions will be read by the moderator and a response will be provided by a representative in attendance.

Along with the question, we will read your name and company name. Please limit questions to one question per submission.

A questionnaire screen will be shown at the end of the briefing.
We ask for your cooperation in providing responses to questions.

Thank you for your attention.



[IR Inquiries] Corporate Planning Dept. IR

Tel : 03-6911-3140 E-mail : ir@tkg-jp.com

 東京個別指導学院