Summary of Business Results for Fiscal Year Ended February 28, 2025 [Japan GAAP] (Consolidated)

April 11, 2025

Company	Tokyo Individualized Educational Institute, Inc	Listed on the Tokyo Stock Exchange
Stock Code	4745	URL https://www.tkg-jp.com/en/ir/
Representative	Shigeki Matsuo, President and Representative Director	
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Expected date of annual shareholders' meeting:	May 28, 2025
Expected date of dividend payment:	May 29, 2025
Expected date of filing of annual securities report:	May 29, 2025
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 2025
   (March 1, 2024 through February 28, 2025)

(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 2025	22,182	2.4	1,598	(0.6)	1,605	(0.6)	1,039	8.3
Fiscal year ended February 2024	21,661	(0.6)	1,608	(11.8)	1,615	(11.9)	959	(23.2)

Note: Comprehensive income
Fiscal year ended February 2025: 1,041 million yen (8.3%)
Fiscal year ended February 2024: 961 million yen (-23.2%)

	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 2025	19.14	–	12.1	13.4	7.2
Fiscal year ended February 2024	17.67	–	11.4	14.0	7.4

Reference: Investment earnings/loss on equity method:
Fiscal year ended February 2025: – million yen
Fiscal year ended February 2024: – 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 2025	12,292	8,721	70.8	160.23
As of February 2024	11,688	8,440	72.0	155.10

Reference: Shareholders' equity:
As of February 2025: 8,699 million yen
As of February 2024: 8,420 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 2025	1,902	(203)	(759)	7,747
Fiscal year ended February 2024	1,976	(262)	(976)	6,807

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 2024	–	8.00	–	8.00	16.00	868	90.6	10.3
Fiscal year ended February 2025	–	6.00	–	6.00	12.00	651	62.7	7.6
Fiscal year ending February 2026 (forecast)	–	6.00	–	6.00	12.00		65.3	

3. Forecast of consolidated business results for fiscal year ending February 2026 (March 1, 2025 through February 28, 2026)

(% 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 2026	24,050	8.4	1,635	2.3	1,641	2.2	996	(4.1)	18.35

* Notes

(1) Important changes to the scope of consolidation during the fiscal year: None

(2) Changes in accounting policies, accounting estimates and restatement
   1) Changes in accounting policies associated with the revision of accounting standards, etc.: None
   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) Shares outstanding at the end of period (treasury stock included)	As of February 2025	54,291,435	As of February 2024	54,291,435
2) Treasury stock at the end of period	As of February 2025	136	As of February 2024	136
3) Average number of shares during period	Fiscal year ended February 2025	54,291,299	Fiscal year ended February 2024	54,291,299

(Reference) Overview of non-consolidated results

1. Non-consolidated business results for the fiscal year ended February 2025 (March 1, 2024 through February 28, 2025)

(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 2025	21,950	2.3	1,563	(1.7)	1,570	(1.7)	1,023	7.3
Fiscal year ended February 2024	21,455	(0.6)	1,590	(11.1)	1,597	(11.2)	954	(22.6)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended February 2025	18.86	–
Fiscal year ended February 2024	17.58	–

(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 2025	12,244	8,714	71.2	160.52
Fiscal year ended February 2024	11,668	8,450	72.4	155.66

Reference: Shareholders' equity:
As of February 2025: 8,714 million yen
As of February 2024: 8,450 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 17, 2025. 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

During the current consolidated fiscal year, the Japanese economy continued on a moderate recovery trend, driven by improvements in the employment and income environment, together with an increase in demand for inbound travel. However, the outlook remains uncertain due to the prolonged conflict in Ukraine and tensions in the Middle East, rising domestic prices including those for raw materials and fuel, fluctuations in foreign exchange rates, in addition to shifts in U.S. policy trends and stagnation in the Chinese economy.

In terms of the educational landscape, while the challenges posed by a declining birth rate persist, we are seeing a significant shift in the educational model, including increases in comprehensive and school recommendation type selection in university admissions, the digital transformation (DX) demonstrated in the increased proliferation of GIGA schools, and record numbers of students at correspondence high schools that exceed 290,000.

The prep school market faces the need to promptly respond to environmental changes, and competition for new students among firms, including new entrants from other industries and business expansion through M&As, is intensifying.

Amidst these circumstances, we are conducting our business with an aim to provide teaching services closely aligned with each individual based on educational ideals that promote “The confidence that you can do it if you try”, “The joy of taking on a new challenge”, “The importance of having dreams”. Through this, we strive to serve as a trusted presence that bridges the present with the future by fostering a self-driven cycle for achieving each student's goals as a core value proposition.

In addition to the marketing reforms we have emphasized to date, we have continued to focus on building trust with customers who have chosen us for their educational needs to keep them coming back. We have managed to improve our reputation among local communities and external bodies by providing attentive communication in schools, and instructor guidance and support based on an original study curriculum tailored to each student’s goals. This has resulted in a virtuous cycle where student inquiries are recovering. As a result, the average number of students for the quarterly consolidated accounting period was 31,348 (up 2.0% year-on-year) following an increase in enrollment numbers and a drop in the student withdrawal rate.

In addition to the above, the four key initiatives in our core individualized teaching business are described in detail below.

(1) Development of educational content

To address evolving customer needs, in September we launched the “science and social studies support course,” a new program aimed at students preparing to take public high school entrance exams and regular tests. Additionally, we revised the content of the “mid-term university admissions course” based on prior instruction results.

The in-school tutoring service launched last year is expanding to target a broader demographic base, while leveraging the assets of the Benesse Group to build on our unique competitive advantages.

(2) Improvements to our organizational base

In September, we introduced an Executive Officer structure to accelerate decision-making within each business domain and to enhance our overall execution capabilities. Additionally, with the integration of the “Shinkenzemi individualized teaching business” from the Benesse Corporation through a company split agreement effective April 1, 2025, we are working to expand school capacity and our service lineup, with a particular focus on the Tokyo Metropolitan Area.

(3) Implementing DX at points of contact with customers

To improve communication with customers attending our schools, we are continuing to promote measures to test the increased implementation of DX in schools in order to identify points of potential productivity improvements through digitalization, while expanding the scope of use for newly implemented customer communication tools.

(4) New schools/school consolidation

In March 2024, we opened the “Tokyo Individualized Educational Institute Kachidoki School (Tokyo)” and “Tokyo Individualized Educational Institute Koiwa School (Tokyo).” Moving forward, we will continue to open new schools in areas of highest demand among customers. At the same time, the “Tokyo Individualized Educational Institute Machida Terminal Exit School (Tokyo)” was consolidated into the “Tokyo Individualized Educational Institute Machida School (Tokyo).” Looking ahead, we will continue to consolidate schools in overlapping markets and promote efficient school operations to improve profitability at each location.

In terms of expenses, we will look to proactively invest in our schools, including enhancing school facilities, proactive marketing investments, and recruiting costs and human capital investments toward recruiting outstanding teachers, while cutting system maintenance and outsourcing costs, and promoting the appropriate placement of teachers.

As a result, net sales were 22,182 million yen, up 521 million yen (2.4%) year-on-year. Operating income declined 10 million yen (0.6%) year-on year to end at 1,598 million yen. Ordinary income dropped 9 million yen (0.6%) year-on year to end at 1,605 million yen. Net income attributable to parent company was 1,039 million yen, an increase of 79 million yen (8.3%) year-on-year, driven by the adoption of the Tax Measure to Promote Wage Increases.

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 28, 2025 were 12,292 million yen, a 603 million yen (5.2%) increase from the end of the consolidated previous fiscal year.

Current assets were 8,559 million yen, a 964 million yen (12.7%) increase from the end of the consolidated previous fiscal year. This increase was primarily the result of a 939 million yen increase in cash and deposits.

Tangible fixed assets were 745 million yen, a 60 million yen (8.8%) increase from the end of the consolidated previous fiscal year. This increase was primarily the result of capital investments for opening new schools and the replacement of equipment at existing schools..

Intangible fixed assets were 998 million yen, a 408 million yen (29.0%) decrease from the end of the consolidated previous fiscal year. This decrease was primarily the result of amortization of the student placement system and billing platform system.

Investments and other assets were 1,988 million yen, a 12 million yen (0.6%) decrease from the end of the previous consolidated fiscal year. This decrease was primarily due to decreases of 24 million yen in investment securities and a 19 million yen decrease in lease and guarantee deposits, which outweighed an increase of 38 million yen in deferred tax assets.

[Liabilities]

Total liabilities as of February 28, 2025 were 3,570 million yen, a 322 million yen (9.9%) increase from the end of the previous consolidated fiscal year. This increase was primarily due to increases of 276 million yen in accounts payable-other and 115 million yen in contractual liabilities, which outweighed a decrease in accrued tax payable, etc. of 116 million yen.

[Net assets]

Net assets as of February 28, 2025 were 8,721 million yen, a 280 million yen (3.3%) increase from the end of the consolidated previous fiscal year. This increase was the result of net income attributable to parent company totaling 1,039 million yen, which outweighed surplus dividend payments of 760 million yen.

(3) Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of February 28, 2025 (hereafter, “Cash”) were 7,747 million yen, an increase of 939 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 2025 was 1,902 million yen.

This was primarily the result of income before income taxes of 1,511 million yen, depreciation and amortization expenses of 547 million yen, an increase in other current liabilities of 233 million yen, an increase in contractual liabilities of 115 million yen, and corporate taxes, etc. paid of 624 million yen.

[Cash flow from investing activities]

Cash used in investing activities during the fiscal year ended February 2025 was 203 million yen.

This mainly resulted from expenditures of 167 million yen for acquisition of tangible fixed assets for opening new schools, and expenditures of 54 million yen in lease and guarantee deposits.

[Cash flow from financing activities]

Cash used in financing activities during the fiscal year ended February 2025 was 759 million yen.

This resulted from the payment dividends.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended February 2021	Fiscal year ended February 2022	Fiscal year ended February 2023	Fiscal year ended February 2024	Fiscal year ended February 2025
Shareholder’s equity ratio (%)	72.2	67.8	74.0	72.0	70.8
Market value-based equity ratio (%)	293.6	256.5	249.3	207.2	150.2
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. 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.
2. Market capitalization is calculated based on the number of shares issued, excluding treasury shares.
3. Operating cash flow is used for cash flow.
4. Interest-bearing debts include all liabilities on the balance sheet which incur interest payments.

(4) Future Outlook

The Group recognizes the following four items as key challenges that must be addressed.

1. Promotion of education and service development

In response to diversifying needs among customers toward individualized teaching as a result of changes to education and entrance exams, we are brushing up and rapidly deploying our “target school of choice course,” a new coaching program for students seeking to pass admission exams for competitive schools while bolstering support for students at private schools and students looking to apply for mid-term university admissions. Through this, we aim to strengthen our teaching capabilities and promote the development of services available for students looking to gain admission to top-tier schools while also retaining our current customer base.

2. Marketing reforms

Efforts to promote marketing activities across channels to drive traffic to our website together with the speedy implementation of various initiatives grounded in effectiveness verification and analysis results have set customer inquiries back on the path to recovery. Moving forward, we will look to delve deeper into these reforms based on an analysis of local community needs, and a characteristic-based analysis focused on elementary school students, junior high school students, and high school students.

3. Strengthening human resource development

Student teachers from universities 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. We will continue to promote human resource reforms while strengthening our ability 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 aim to improve the value of customer experiences while strengthening the activities of our working human resources by increasing productivity and added value by implementing DX in schools.

By addressing these challenges, we will promote a transformation toward the prep school that also becomes even better choice for students seeking to enter top-tier schools across all levels, from junior high, high school, and at a university level.

With regard to the outlook for the following fiscal year, we expect net sales of 24,050 million yen (8.4% increase year-on-year), operating income of 1,635 million yen (2.3% increase year-on-year), ordinary income of 1,641 million yen (2.2% decrease year-on-year), and net income attributable to parent company of 996 million yen (4.1% 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 29, 2024)	End of current consolidated fiscal year (As of February 28, 2025)
Assets		
Current assets		
Cash and deposits	6,807,375	7,747,243
Accounts receivable	398,423	397,171
Merchandise	3,875	6,518
Supplies	28,279	38,354
Prepaid expenses	343,038	371,050
Other	19,655	5,803
Allowances for bad debts	(5,701)	(6,599)
Total current assets	7,594,946	8,559,543
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,665,998	1,630,869
Accumulated depreciation	(1,041,845)	(1,018,899)
Buildings and structures, net	624,152	611,969
Tools, furniture and fixtures	950,099	1,004,595
Accumulated depreciation	(889,188)	(871,010)
Tools, furniture and fixtures, net	60,911	133,585
Total tangible fixed assets	685,064	745,555
Intangible fixed assets		
Goodwill	143,111	122,666
Software	1,193,270	804,840
Software suspense account	–	8,570
Student-related assets	42,146	33,717
Telephone subscription right	29,125	29,125
Total intangible fixed assets	1,407,653	998,920
Investments and other assets		
Investment securities	25,717	727
Investments in capital	25	25
Long-term prepaid expenses	45,910	39,971
Deferred tax assets	377,224	415,569
Lease and guarantee deposits	1,551,875	1,531,914
Total investments and other assets	2,000,752	1,988,208
Total fixed assets	4,093,470	3,732,684
Total assets	11,688,417	12,292,227

(Unit: Thousands of yen)

	End of previous consolidated fiscal year (As of February 29, 2024)	End of current consolidated fiscal year (As of February 28, 2025)
Liabilities		
Current liabilities		
Accounts payable	9,702	16,396
Accounts payable-other	435,300	711,873
Accrued expenses	907,403	974,125
Accrued tax payable, etc.	397,488	281,116
Consumption tax payable	246,727	234,050
Contractual liabilities	924,116	1,040,065
Deposits received	56,831	55,162
Reserve for bonuses	217,450	220,550
Reserve for officer bonuses	18,522	9,433
Total current liabilities	3,213,543	3,542,774
Fixed liabilities		
Deferred tax liabilities	11,464	8,007
Other	22,573	19,634
Total fixed liabilities	34,038	27,641
Total liabilities	3,247,581	3,570,416
Net assets		
Shareholder's equity		
Capital	642,157	642,157
Capital surplus	1,013,565	1,013,565
Retained earnings	6,764,582	7,043,570
Treasury stock	(121)	(121)
Total shareholder's equity	8,420,184	8,699,172
Accumulated other comprehensive income		
Other differences in valuation of equities	173	–
Total accumulated other comprehensive income	173	–
Minority interest	20,478	22,638
Total net assets	8,440,836	8,721,811
Total liabilities and net assets	11,688,417	12,292,227

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

Consolidated Income Statements

(Unit: Thousands of yen)

	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)	Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)
Net sales	21,661,250	22,182,368
Cost of goods sold	13,828,825	14,249,980
Gross profit	7,832,425	7,932,387
Selling, general and administrative expenses		
Advertising expenses	2,218,452	2,378,763
Remuneration for directors (and other officers)	197,540	158,390
Salaries and allowances	906,463	899,218
Bonuses	40,636	72,657
Provision for bonuses	56,325	64,088
Provision for bonuses for directors (and other officers)	18,522	9,433
Other salaries	221,308	212,336
Rent	127,505	122,145
Depreciation and amortization expenses	418,477	413,122
Hiring expenses	242,814	322,826
Commission expenses	1,066,396	973,793
Rent expenses	18,920	19,278
Provision of allowance for doubtful accounts	6,469	7,408
Goodwill amortization	20,444	20,444
Other	663,518	659,921
Total selling, general and administrative expenses	6,223,795	6,333,828
Operating income	1,608,629	1,598,559
Non-operating income		
Interest and dividend income	90	234
Gain on forfeiture of unclaimed dividends	751	946
Compensation income	3,715	3,682
Gain on bad debts recovered	1,884	1,455
Other	602	875
Total non-operating income	7,044	7,193
Ordinary income	1,615,674	1,605,752
Extraordinary loss		
Impairment losses	* 110,134	* 69,932
Loss on valuation of investment securities	–	24,739
Total extraordinary loss	110,134	94,672
Income before income taxes	1,505,540	1,511,080
Corporate income, inhabitant and enterprise taxes	624,863	511,580
Adjustment of corporate taxes, etc.	(80,217)	(41,725)
Total accrued tax payable	544,646	469,854
Net income	960,893	1,041,226
Net income (loss) attributable to minority interests	1,610	2,160
Net income attributable to parent company	959,283	1,039,066

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)	Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)
Net income	960,893	1,041,226
Accumulated other comprehensive income		
Other differences in valuation of equities	173	(173)
Total accumulated other comprehensive income	173	(173)
Comprehensive income	961,067	1,041,226
(Breakdown)		
Comprehensive income attributable to owners of the parent company	959,456	1,039,066
Comprehensive income attributable to minority interests	1,610	2,160

(3) Consolidated Statements of Changes in Net Assets

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

Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)

(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	6,764,582	(121)	8,420,184
Changes during period					
Dividends of surplus			(434,330)		(434,330)
Dividends of surplus (Interim dividend)			(325,747)		(325,747)
Net income attributable to parent company			1,039,066		1,039,066
Net changes in items other than shareholders' equity					
Total change during period	–	–	278,988	–	278,988
Balance at end of period	642,157	1,013,565	7,043,570	(121)	8,699,172

	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	173	173	20,478	8,440,836
Changes during period				
Dividends of surplus				(434,330)
Dividends of surplus (Interim dividend)				(325,747)
Net income attributable to parent company				1,039,066
Net changes in items other than shareholders' equity	(173)	(173)	2,160	1,986
Total change during period	(173)	(173)	2,160	280,974
Balance at end of period	–	–	22,638	8,721,811

(4) Consolidated Cash Flow Statements

(Unit: Thousands of yen)

	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)	Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)
Cash flow from operating activities		
Income before income taxes	1,505,540	1,511,080
Depreciation and amortization expenses	530,743	547,117
Impairment losses	110,134	69,932
Goodwill amortization	20,444	20,444
Amortization of long-term prepaid expenses	78,344	62,966
Increase (Decrease) in allowances for bad debts	(2,038)	897
Increase (Decrease) in reserve for bonuses	95,387	3,099
Increase (Decrease) in reserve for officer bonuses	12,852	(9,088)
Interest and dividends received	(90)	(234)
Loss (Gain) on devaluation of investment securities.	–	24,739
Gain on forfeiture of unclaimed dividends	(751)	(946)
Decrease (Increase) in accounts receivable	85,012	1,252
Decrease (Increase) in inventories	(194)	(12,718)
Decrease (Increase) in other current assets	(6,964)	(35,366)
Increase (Decrease) in accounts payable	1,231	6,694
Increase (Decrease) in contractual liabilities	21,568	115,948
Increase (Decrease) in consumption tax payable, etc.	77,496	(12,677)
Increase (Decrease) in other current liabilities	15,877	233,669
Subtotal	2,544,592	2,526,812
Interest and dividend income received	90	234
Income taxes, etc. refunded	4	4
Income taxes, etc. paid	(568,105)	(624,897)
Net cash provided by operating activities	1,976,581	1,902,153
Cash flow from investing activities		
Expenditures for acquisition of tangible fixed assets	(113,892)	(167,689)
Expenditures for acquisition of intangible fixed assets	(83,551)	(9,400)
Expenditures for lease and guarantee deposits	(38,646)	(54,652)
Income from refund of lease and guarantee deposits	28,067	50,616
Expenditures for acquisition of investment securities	(24,739)	–
Expenditures for acquisition of long-term prepaid expenses	(29,305)	(21,874)
Cash used in investing activities	(262,067)	(203,000)
Cash flow from financing activities		
Dividends paid	(976,756)	(759,284)
Cash used in financing activities	(976,756)	(759,284)
Net increase (decrease) in cash and cash equivalents	737,757	939,868
Cash and cash equivalents at beginning of period	6,069,618	6,807,375
Cash and cash equivalents at end of period	6,807,375	7,747,243

(5) Notes Concerning Consolidated Financial Statements

(Notes Regarding the Company as a Going Concern)

Not applicable

(Notes on Consolidated Income Statements)

* Impairment losses

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 and 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

Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)

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 (16 schools)	69,932

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 coupled with the low likelihood of repurposing or selling said assets, 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	46,897 thousand yen
Tools, furniture and fixtures	3,871 thousand yen
Leased assets	9,118 thousand yen
Long-term prepaid expenses	10,045 thousand yen
Total	69,932 thousand yen

(Segment Information, etc.)

[Segment Information]

The individualized teaching business is the only reported business segment for the Group. 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 2024 (March 1, 2023 to February 29, 2024)	Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)
Net assets per share	155.10 yen	160.23 yen
Net income per share	17.67 yen	19.14 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 2024 (February 29, 2024)	Fiscal year ended February 2025 (February 28, 2025)
Total net assets (thousands of yen)	8,440,836	8,721,811
Amount deducted from total net assets (thousands of yen)	20,478	22,638
(of which pertains to non-controlling interests) (thousands of yen)	(20,478)	(22,638)
Closing balance of net assets pertaining to outstanding shares of common stock (thousands of yen)	8,420,357	8,699,172
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 2024 (March 1, 2023 to February 29, 2024)	Fiscal year ended February 2025 (March 1, 2024 to February 28, 2025)
Earnings per share		
Net income attributable to parent company (thousands of yen)	959,283	1,039,066
Net income not attributable to ordinary shareholders (thousands of yen)	–	–
Net income attributable to parent company available to common stock (thousands of yen)	959,283	1,039,066
Average number of shares of common stock during the period (thousands of yen)	54,291	54,291

(Subsequent Events)

(Conclusion of an absorption-type company split agreement related to a significant corporate merger)

At a meeting of the Board of Directors held December 18, 2024, the Company resolved to inherit the Shinkenzemi individualized teaching business (hereafter, the “individualized teaching business”) from Benesse Corporation (hereinafter, “Benesse”), which shares the same parent company, Benesse Holdings Inc. This transfer will be carried out through a company split (hereinafter, the “company split”).
Specifically, the Company entered into an absorption-type company split agreement under which the individualized teaching business was inherited by the Company from Benesse as part of a company split (simplified absorption-type company split) effective as of April 1, 2025.

1. Primary objective of the company split

The Company provides learning services across 267 schools, with one teacher paired with one to two students. The individualized teaching business provides similar learning services at 39 directly operated schools and 17 franchise schools based on the “Shinkenzemi” correspondence course materials prepared by Benesse.
This company split is intended to expand the scope of schools and enhance the service lineup with the aim of strengthening our service delivery capabilities by inheriting Benesse's individualized teaching business.

2. Summary of the company split

(1) Schedule for the company split

As the company split is a simplified absorption-type company split as prescribed in Article 796 Paragraph 2 of the Companies Act, the company split was performed without the implementation of approval procedures at General Meeting of Shareholders.

Date of resolution by the Board of Directors	December 18, 2024
Date of conclusion of agreement	December 18, 2024
Planned implementation date (effective date)	April 1, 2025

(2) Method of company split

The company split shall be an absorption-type company split, with Benesse as the splitting company, and the Company as the succeeding company.

(3) Details of allocation concerning the company split

There will be no allocation of shares or other monetary or non-monetary compensation as part of this company split.

(4) Handling of share options and bonds with share options in association with the company split

Not applicable.

(5) Changes in capital resulting from the company split

There will be no change in Company capital as a result of the company split.

(6) Rights and obligations inherited by the succeeding company

As a result of the company split, the Company shall inherit the rights and obligations held by Benesse in relation to the individualized teaching business as prescribed in the absorption-type split agreement as of the effective date.

(7) Prospects for the fulfillment of debt obligations

No issues have been identified concerning prospects for the fulfillment of debt obligations to be assumed by the Company following the effective date of the company split.

3. Summary of the business division to be inherited

(1) Business activities of the division to be inherited

Shinkenzemi individualized teaching business

(2) Business performance of the division to be inherited (period ended March 2024)

Net sales	1,156 million yen
Operating income	(175) million yen

(3) Assets and liabilities to be split or inherited, and the book value of such

The details remain under review and have not been finalized.

4. Status following the organizational restructuring

There will be no changes to the Company name, business activities, head office address, representative, capital, and fiscal year as a result of the company split. Further, net assets and total assets have yet to be finalized.

5. Summary of accounting treatment

The company split is considered a common control transaction under the Accounting Standard for Business Combination, and is not expected to incur goodwill (or negative goodwill).

6. Future outlook

The impact of the company split on consolidated and non-consolidated business performance is expected to be minimal.

(Introduction of a Restricted Stock Compensation Plan)

On April 11, 2025, the Board of Directors resolved to revise the executive compensation system and introduce a Restricted Stock Compensation Plan (hereinafter, the “Plan”) for the Company’s Directors, excluding non-executive and outside Directors (hereinafter, the “Eligible Directors”). A proposal regarding the introduction of the Plan is scheduled to be submitted for approval at the 42nd Ordinary General Meeting of Shareholders, to be held on May 28, 2025 (hereinafter, the “General Meeting”).

1. Objectives of introducing the Plan, etc.

(1) Objectives of introducing the Plan

The purpose of this Plan is to incentivize Eligible Directors to contribute to the sustainable enhancement of the Company’s corporate value, while further promoting value-sharing between the Company’s Directors and its shareholders. Under the Plan, Eligible Directors will be allocated shares of the Company’s common stock with certain transfer restrictions and provisions for free acquisition by the Company under specified conditions (hereinafter referred to as “Restricted Stock”).

(2) Conditions for Introducing the Plan

Under this Plan, monetary compensation claims are paid as compensation to Eligible Directors for the purpose of allocating Restricted Stock. As such, the implementation of this Plan in relation to the payment of said compensation is subject to shareholder approval at the General Meeting.

At the 17th General Meeting of Shareholders held on November 11, 1999, an annual compensation cap of 250 million yen for Directors was approved. At this General Meeting, the Company plans to seek shareholder approval for the introduction of the new Plan and the establishment of a compensation framework for Restricted Stock to be granted to Eligible Directors, within the scope of the previously approved compensation cap for the Company's Directors.

2. Overview of the Plan

Under this Plan, Eligible Directors will contribute the full amount of the monetary compensation claims granted by the Company as assets in kind and, in return, shall receive an allotment of newly issued or disposed shares of the Company's common stock.

The total annual amount of monetary compensation claims to be granted to Eligible Directors under this Plan shall be capped at 30 million yen. The total number of shares of the Company's common stock to be newly issued or disposed of in connection with this Plan (hereinafter referred to as the "Allocated Shares") shall not exceed 85,000 shares per year. In the event of a stock split, allocation of shares without contribution, stock consolidation, or other unavoidable circumstances requiring an adjustment to the number of shares, the number of Allocated Shares may be reasonably adjusted as necessary.

One of the primary objectives of introducing this Plan is to promote shared value creation with shareholders over the medium to long-term. As such, the transfer restriction period for the Restricted Stock shall be three years from the date of allotment.

The specific timing and allocation of grants to each Eligible Director shall be determined by the Company's Board of Directors following consultation with, and a recommendation from, the Nomination and Compensation Committee.

The subscription price per share of the Company's common stock to be issued or disposed of under this Plan will be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution concerning said allocation of allocated shares by the Board of Directors (or the closing price of the most recent trading day if no trade occurred on that day). The price will be determined by the Board of Directors within a range that ensures it is not overly advantageous to the Eligible Directors receiving the allocation.

Further, with regard to the issuance or disposal of the Allocated Shares, a Restricted Stock Allocation Agreement (hereinafter referred to as the "Allocation Agreement") will be executed between the Company and the Eligible Directors, the terms of which shall include the following:

(i) The Eligible Directors shall not transfer, pledge, or otherwise dispose of the Company's common stock allotted under the Allocation Agreement for a predetermined period, as specified in the Agreement.

(ii) The Company shall acquire the common stock at no cost under certain circumstances.

(Reference)

If the Plan is approved at this General Meeting, the Company also plans to allocate Restricted Stock to Executive Officers in a manner broadly similar to this Plan.

(Acquisition of Treasury Stock)

At the Board of Directors meeting held on April 11, 2025, the Company resolved the following matters regarding the acquisition of treasury stock, in accordance with Article 156 of the Companies Act, as applied mutatis mutandis under Article 165, Paragraph 3 of the same Act.

1. Reason for Acquiring Treasury Stock

   The Company recognizes profit returns to shareholders as one of its key priorities and has established a basic policy of providing continuous and stable dividends.

   The acquisition of treasury stock announced today is primarily intended to be allocated for the Restricted Stock Compensation Plan for the Company's Directors (excluding non-executive Directors and outside Directors), which was resolved at the meeting of the Board of Directors held today.

2. Details Concerning this Acquisition

(1) Type of stock to be acquired	Common stock
(2) Total number of shares to be acquired	100,000 shares (maximum) (0.184% of total number of shares issued (excluding treasury stock)
(3) Total acquisition price of shares	35,000,000 yen (maximum)
(4) Acquisition period	April 17, 2025 to April 16, 2026
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

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 2025 (March 1, 2024 to February 28, 2025)			Year-on-year comparison	
	No. of students (people)	Amount (thousands of yen)	Composition ratio (%)	No. of students (%)	Amount (%)
Individualized teaching					
Primary school students	4,396	2,589,203	11.7	103.7	104.3
Junior high school students	11,481	7,764,397	35.0	102.4	103.1
High school students	15,471	11,355,555	51.2	101.3	101.2
Total individualized teaching	31,348	21,709,155	97.9	102.0	102.2
Other business totals	–	473,212	2.1	–	111.6
Total	–	22,182,368	100.0	–	102.4

(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, in-school tutoring and corporate human resource development activities provided by HRBC Co., Ltd.