

Summary of 1Q Business Results for the Fiscal Year Ending February 28, 2026 [Japan GAAP] (Consolidated)



July 9, 2025

Company Tokyo Individualized Educational Institute, Inc. Listed on the Tokyo Stock Exchange
 Stock Code 4745 URL <https://www.tkg-jp.com/ir/>
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 Expected date of dividend payment: –
 Preparation of supplementary financial document: Yes
 Results briefing: No

(Rounded down to million yen)

1. 1Q consolidated business results for the fiscal year ending February 2026 (March 1, 2025 through May 31, 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 ending February 2026 1Q	4,601	9.0	(756)	–	(722)	–	(533)	–
Fiscal year ending February 2025 1Q	4,223	3.6	(844)	–	(840)	–	(607)	–

Note: Comprehensive income

Fiscal year ending February 2026 1Q: (533) million yen (–%)

Fiscal year ending February 2025 1Q: (607) million yen (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ending February 2026 1Q	(9.83)	–
Fiscal year ending February 2025 1Q	(11.19)	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	million yen	million yen	%
Fiscal year ending February 2026 1Q	11,073	7,840	70.6
As of February 2025	12,292	8,721	70.8

Reference: Shareholders' equity:

Fiscal year ending February 2026 1Q: 7,817 million yen

As of February 2025: 8,699 million yen

2. Dividends

	Full-year dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year
Fiscal year ended February 2025	yen –	yen 6.00	yen –	yen 6.00	yen 12.00
Fiscal year ending February 2026	–				
Fiscal year ending February 2026 (forecast)		6.00	–	6.00	12.00

Note: Revisions to the most recent dividend forecast: None

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

Note: Revisions to the most recent performance forecast: None

* Notes

(1) Important changes to the scope of consolidation during the current quarterly cumulative consolidated accounting period: None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies associated with the revision of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Shares outstanding (common stock)

1) Number of shares outstanding at the end of period (treasury stock included)

Fiscal year ending February 2026 1Q	54,291,435	As of February 2025	54,291,435
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2) Treasury stock at the end of period

Fiscal year ending February 2026 1Q	72,396	As of February 2025	136
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3) Average number of shares during period (quarterly cumulative total)

Fiscal year ending February 2026 1Q	54,278,218	Fiscal year ended February 2025 1Q	54,291,299
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* Review of the quarterly consolidated financial statements attached by certified public accountants or audit corporations: None

* Explanation regarding appropriate use of business forecasts and other special instructions

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared, and are not intended as a guarantee that the Company will achieve these targets. Further, actual results may differ significantly from the forecasts due to various factors. For notes in business forecasts projections and assumptions for premises thereof, refer to page 3 of the Attachment "1. Summary of Operating Results (3) Explanation of the Forecast of Consolidated Business Results and other Future Forecasts.

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

Supplementary financial documents to quarterly results (fact sheet) will be posted on the Company's website on July 9, 2025.

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1. Summary of Operating Results

(1) Summary of Operating Results for the Current Quarterly Cumulative Consolidated Accounting Period

Information related to future events in the text are based on judgments made by the Company at the end of the quarterly consolidated accounting period.

During the first quarter of the current cumulative consolidated period, the Japanese economy was expected to continue a moderate recovery, driven by improvements in the employment and income environment as well as the effects of various government policies. However, downside risks to the economy increased due to the impact of U.S. trade policies. In addition, the continued rise in prices poses a risk of dampening personal consumption, further weighing on economic conditions. Greater attention is also required regarding the potential impact of volatility in financial and capital markets.

In terms of the educational landscape, although the school-age population continues to decline due to the falling birthrate, per capita spending on education is on the rise, reflecting growing interest in and expectations for education. In particular, the number of applicants for private and national junior high school entrance examinations has been increasing year by year, especially in the Tokyo metropolitan area, indicating a robust and active junior high school entrance exam market. Furthermore, the government's advancement of policies aimed at effectively making private high school tuition free is expected to drive an increase in the number of applicants to private high schools, potentially bringing about structural changes in the education market. In university admissions, while the number of students advancing to higher education through comprehensive admissions courses continues to increase, competition over general selection at top-tier universities remains at a high level. As a result, the quality of admissions guidance tailored to students' career choices and selection methods is becoming increasingly important.

Amidst these circumstances, we are conducting our business with an aim to provide teaching services 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.

During the first quarter of the current cumulative consolidated period, we enhanced our original "target school of choice course", which is based on the "pass-target course" program inherited from Benesse Corporation's Shinkenzemi individualized teaching business. We have strengthened individualized, optimized support for each student through dedicated coaches who accompany them throughout the process to achieve admission at their target school of choice. By successfully implementing this course, we aim to further establish ourselves as the prep school of choice among students aspiring to enter highly competitive schools.

With regard to school expansion, the Tokyo Individualized Educational Institute opened two new schools, Hikifune School (Sumida-ku, Tokyo) and Honancho School (Suginami-ku, Tokyo), in March. At the same time, after carefully considering customer convenience, we merged the Tokyo Individualized Educational Institute Ichigao School with the Tokyo Individualized Educational Institute Aobadai School in March.

In terms of the number of students, we continued our efforts from the previous fiscal year to convert the expectations of students and parents into trust by focusing on encouraging ongoing attendance. As a result, student retention improved. In addition, enrollment increased due to our proposal of tailored learning plans that address the concerns of prospective students and their families. As such, the average number of students for the quarterly consolidated accounting period, excluding the Shinkenzemi individualized teaching business, was 29,022 (up 5.4% year-on-year).

In terms of profits, upfront investments aimed at building a foundation for future growth included costs associated with opening two new schools and labor costs required to secure and retain outstanding human resources, and promotion of digital transformation (DX) aimed at streamlining and improving operational efficiency, which were offset by efforts to consolidate schools, promote the appropriate placement of teachers, streamline promotion and advertising activity, as well as other aggressive cost cutting measures.

As a result, net sales were 4,601 million yen (up 9.0% year-on-year), operating losses were 756 million yen (compared to operating losses of 844 million yen year-on-year), ordinary losses were 722 million yen (compared to ordinary losses of 840 million yen year-on-year), and net losses attributable to owners of the parent company were 533 million yen (compared to net losses attributable to owners of the parent company of 607 million yen year-on-year).

The first quarter operating income for the Company tends to be negative due to how the business is structured and seasonal factors.

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 Quarterly Cumulative Consolidated Accounting Period

[Assets]

Total assets at the end of the first quarter of the current fiscal year were 11,073 million yen, a 1,218 million yen (9.9%) decrease from the end of the previous fiscal year.

Current assets were 7,100 million yen, a 1,458 million yen (17.0%) decrease from the end of the consolidated previous fiscal year. This decline is primarily attributed to a decrease of 1,684 million yen in cash and deposits, although “other” current assets increased by 236 million yen.

Tangible fixed assets were 757 million yen, a 11 million yen (1.6%) increase from the end of the consolidated previous fiscal year. This increase was primarily due to school relocations and the replacement of equipment at existing schools.

Intangible fixed assets were 958 million yen, a 40 million yen (4.0%) 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 2,256 million yen, a 268 million yen (13.5%) increase from the end of the previous consolidated fiscal year. This increase was primarily the result of an increase in other assets of 239 million yen.

[Liabilities]

Total liabilities at the end of the first quarter of the current fiscal year were 3,233 million yen, a 337 million yen (9.4%) decrease from the end of the previous fiscal year. This decline was primarily caused by a decrease in accrued tax payable, etc. of 234 million yen, and a 373 million yen decrease in “other” current liabilities, which outweighed increases of 117 million yen in the reserve for bonuses.

[Net assets]

Net assets at the end of the first quarter of the current fiscal year were 7,840 million yen, an 881 million yen (10.1%) decline from the end of the previous fiscal year. This decline was the result of surplus dividend payments of 325 million yen, and quarterly net losses attributable to owners of the parent company totaling 533 million yen.

(3) Explanation of the Forecast of Consolidated Business Results and other Future Forecasts

With regard to the forecast of consolidated business results for the term ending February 2026, there have been no changes to the forecast of consolidated business results announced for the full year in the Summary of Business Results for the Year Ended February 28, 2025 [Japan GAAP] (Consolidated) disclosed April 11, 2025.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	End of the previous consolidated fiscal year (February 28, 2025)	First quarter consolidated accounting period (May 31, 2025)
Assets		
Current assets		
Cash and deposits	7,747,243	6,063,117
Accounts receivable	397,171	390,365
Inventories	44,873	41,741
Other	376,854	613,627
Allowances for bad debts	(6,599)	(8,070)
Total current assets	8,559,543	7,100,780
Fixed assets		
Tangible fixed assets	745,555	757,345
Intangible fixed assets		
Goodwill	122,666	117,555
Other	876,253	841,001
Total intangible fixed assets	998,920	958,557
Investments and other assets		
Lease and guarantee deposits	1,531,914	1,560,933
Other	456,294	695,965
Total investments and other assets	1,988,208	2,256,898
Total fixed assets	3,732,684	3,972,801
Total assets	12,292,227	11,073,582
Liabilities		
Current liabilities		
Accounts payable	16,396	15,373
Accrued tax payable, etc.	281,116	46,708
Contractual liabilities	1,040,065	1,107,505
Reserve for bonuses	220,550	337,906
Reserve for officer bonuses	9,433	9,433
Other	1,975,211	1,602,049
Total current liabilities	3,542,774	3,118,976
Fixed liabilities		
Other	27,641	114,184
Total fixed liabilities	27,641	114,184
Total liabilities	3,570,416	3,233,160
Net assets		
Shareholder's equity		
Capital	642,157	642,157
Capital surplus	1,013,565	1,013,565
Retained earnings	7,043,570	6,184,331
Treasury stock	(121)	(22,478)
Total shareholder's equity	8,699,172	7,817,576
Minority interest	22,638	22,844
Total net assets	8,721,811	7,840,421
Total liabilities and net assets	12,292,227	11,073,582

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

Quarterly Consolidated Income Statements

First quarter cumulative consolidated period

(Unit: Thousands of yen)

	Previous first quarter consolidated cumulative period (March 1, 2024 to May 31, 2024)	Current first quarter consolidated cumulative period (March 1, 2025 to May 31, 2025)
Net Sales	4,223,266	4,601,398
Cost of goods sold	3,244,059	3,479,174
Gross profit	979,206	1,122,224
Selling, general and administrative expenses	1,823,639	1,878,787
Operating loss	(844,432)	(756,563)
Non-operating income		
Interest income	1	201
Gain on disposal of unpaid dividends	320	709
Gain on bad debts recovered	362	224
Compensation income	3,682	33,000
Other	44	7
Total non-operating income	4,411	34,142
Non-operating expenses		
Commission expenses	–	223
Total non-operating expenses	–	223
Ordinary loss	(840,021)	(722,644)
Quarterly losses before income taxes	(840,021)	(722,644)
Corporate income, inhabitant and enterprise taxes	16,793	18,801
Adjustment of corporate taxes, etc.	(249,006)	(208,160)
Total accrued tax payable	(232,212)	(189,359)
Quarterly net losses	(607,808)	(533,285)
Quarterly net income or losses attributable to minority interests	(331)	205
Quarterly net losses attributable to owners of the parent company	(607,477)	(533,491)

Quarterly Consolidated Statement of Comprehensive Income
First quarter cumulative consolidated period

(Unit: Thousands of yen)

	Previous first quarter consolidated cumulative period (March 1, 2024 to May 31, 2024)	Current first quarter consolidated cumulative period (March 1, 2025 to May 31, 2025)
Quarterly net losses	(607,808)	(533,285)
Accumulated other comprehensive income		
Other differences in valuation of equities	526	–
Total accumulated other comprehensive income	526	–
Quarterly comprehensive income	(607,282)	(533,285)
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	(606,950)	(533,491)
Quarterly comprehensive income attributable to minority interests	(331)	205

(3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Regarding the Company as a Going Concern)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

(Acquisition of Treasury Stock)

Based on the resolution at a meeting of the Board of Directors held on April 11, 2025, the Company acquired 72,200 shares of treasury stock during the first quarter of the current cumulative consolidated period. As a result, treasury stock increased by 22.338 million yen during the first quarter of the current cumulative consolidated period.

Due to the above, as of the end of the first quarter of the current cumulative consolidated period, capital surplus stood at 1,013.565 million yen, retained earnings at 6,184.331 million yen, and treasury stock at 22.478 million yen.

(Changes in Accounting Policies)

(Application of Accounting Standards for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and related guidance have been applied from the beginning of the first quarter of the current cumulative consolidated period.

With regard to the revisions regarding the classification of income taxes (taxation on other comprehensive income), the Company has adopted the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment stipulated in the proviso to Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Application Guidance"). This change in accounting policy had no impact on the quarterly consolidated financial statements.

Further, with regard to the revision related to the treatment in consolidated financial statements of gains or losses arising from the sale of shares of subsidiaries between consolidated Group companies whereby said gains or losses are deferred for tax purposes, the Company has applied the 2022 Revised Application Guidance from the beginning of the first quarter of the current cumulative consolidated period. This change in accounting policy has been applied retroactively, and the quarterly consolidated financial statements for the same quarter of the previous fiscal year as well as the consolidated financial statements for the prior fiscal year have been restated accordingly. This change in accounting policy had no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or the consolidated financial statements for the prior fiscal year.

(Notes on 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.

(Notes on Cash Flow Statements)

A quarterly consolidated cash flow statement has not been prepared for the first quarter of the current cumulative consolidated period. Further, depreciation and amortization expenses (including amortization expenses associated with intangible fixed assets other than goodwill), and amortization expenses on goodwill are as follows.

	Previous first quarter consolidated cumulative period (March 1, 2024 to May 31, 2024)	Current first quarter consolidated cumulative period (March 1, 2025 to May 31, 2025)
Depreciation and amortization expenses	129,607 thousand yen	147,225 thousand yen
Amortization expenses on goodwill	5,111 thousand yen	5,111 thousand yen

(Business Combinations, etc.)

(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 Shinkenzeni 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 “Shinkenzeni” 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
The Company, pursuant to a company split, has inherited the rights and obligations related to the individualized teaching business held by Benesse as of the effective date, as stipulated in the absorption-type company split agreement.

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

Current assets	14 million yen
Fixed assets	102 million yen
Total assets	116 million yen
Current liabilities	30 million yen
Fixed liabilities	86 million yen
Total liabilities	116 million yen

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.

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.

(Subsequent Events)

(Disposal of Treasury Stock as Restricted Stock Compensation)

At a meeting of the Board of Directors held June 11, 2025, the Company resolved to dispose of treasury stock as restricted stock compensation (hereinafter referred to as the "Disposal"), and procedures concerning the payment of such were completed on July 8, 2025, as follows.

1. Details Concerning this Disposal

(1) Date of disposal	July 8, 2025
(2) Type and number of shares to be disposed of	Common shares in the Company 14,284 shares
(3) Disposal price	315 yen per share
(4) Total value of disposed shares	4,499,460 yen
(5) Recipients, number of recipients, and number of shares disposed	Company Directors (Excluding non-executive Directors and Outside Directors.) Two Directors: 9,523 shares Company Executive Officers Three Executive Officers: 4,761 shares

2. Purpose and Reason for Disposal

At the meeting of the Board of Directors held April 11, 2025, the Company resolved to introduce a new compensation plan for its Directors (excluding non-executive and Outside Directors; hereinafter referred to as the 'Eligible Directors') with the aim of providing incentives to enhance the Company's sustainable corporate value and further promoting value-sharing with shareholders. Under this plan (hereinafter referred to as the 'Plan'), the Company will grant restricted stock to the Eligible Directors by allotting shares of common stock subject to certain transfer restriction period and provisions for gratuitous acquisition by the Company.

This plan was approved at the 42nd Annual General Meeting of Shareholders held on May 28, 2025 for the granting of monetary compensation claims of up to ¥30 million per year, within the existing compensation framework for directors, as funds to acquire restricted stock under the Plan, and for setting the transfer restriction period for the allotted restricted stock at three years from the date of allotment.

3. Other Notes

Circumstances Concerning Orders Received, Sales, and Production

(1) Production and orders received

The Group is primarily involved with providing classes to students, and does not record production and orders received.

(2) Sales

Sales performance by segment for the current first quarter cumulative consolidated period is as follows:

Segment name	Current first quarter cumulative consolidated period		
	Net sales (thousands of yen)	Composition ratio (%)	Year-on-year comparison (%)
Individualized teaching			
Primary school students	595,909	13.0	107.8
Junior high school students	1,635,396	35.5	109.7
High school students	2,225,480	48.4	106.3
Total individualized teaching	4,456,786	96.9	107.7
Other business totals	144,612	3.1	167.0
Total	4,601,398	100.0	109.0

(Note) Other business activities include science labs, writing classes, in-school tutoring, franchise operations, telemarketing consignment operations, and corporate human resource development activities provided by HRBC Co., Ltd.