

Results of Operations  
for the First Half of the Fiscal Year Ending  
March 31, 2020 (FY3/20)



Stock code: 2179

December 4, 2019

# The Businesses of the SEIGAKUSHA Group SEIGAKUSHA Co., Ltd.

## Education Services

An education organization centered on education and child care services extending from pre-school children to adults

### Individual tutoring



Mainly one instructor for every two entrance exam prep students

Video classes specializing in university entrance exams



### Class teaching



Goal-centered classes that give students confidence when goals are exceeded



Japanese language classes for foreign students in Japan

Kaisei Academy Japanese Language School



English language classes for Japanese students in the Philippines



- Operation of Kaisei Kodomo School and IVYKIDS
- Teacher staffing service for private schools
- Operation of employee training centers
- Other activities involving staffing and training centers

### Other

### Nursery school



Certified nursery schools



Real Estate Leasing

Leasing of unused space at properties owned by group companies

Restaurant Operations

Two restaurants in the city of Osaka

# Results of Operations

## 1H FY3/20

- Sales were higher than one year earlier because of increases in the number of students and tuition per student
- The first half loss was smaller than planned as expenses increased significantly but were still in line with the fiscal year plan

## FY3/20 Forecasts

- Forecast sales growth due to higher individual tutoring and nursery school sales
- Forecast higher expenses because of one-time expenses for up-front expenditures for new businesses and cost-reduction programs, a large volume of marketing and advertising activity, and other reasons
- Forecast lower earnings in part because prior-year earnings included subsidy income of 269 million yen

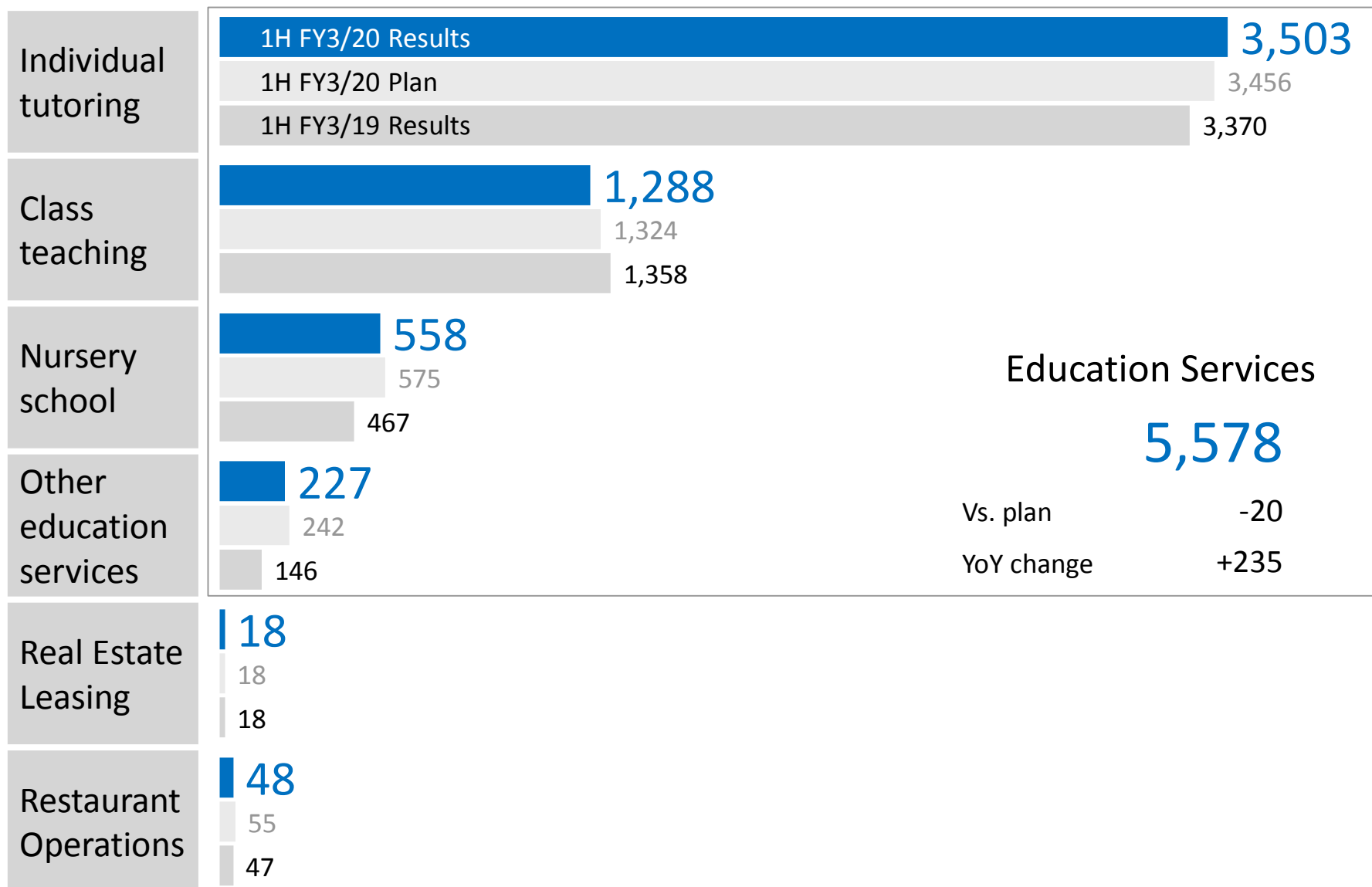
## Statement of Income

(Millions of yen, %)

	1H FY3/19 Results	1H FY3/20 Plan	1H FY3/20 Results	YoY change	YoY (%)	Vs. plan	% achieved
Net sales	5,407	5,672	5,645	+237	+4.4	-26	99.5
Education Services	5,342	5,598	5,578	+235	+4.4	-20	99.6
Real Estate Leasing	18	18	18	+0	+3.7	+0	101.7
Restaurant Operations	47	55	48	+1	+3.0	-6	87.7
Operating profit	-114	-266	-226	-112	-	+39	-
Operating margin	-2.1	-4.7	-4.0	-1.9	-	+0.7	-
Ordinary profit	65	-279	-245	-310	-	+34	-
Ordinary margin	1.2	-4.9	-4.3	-5.5	-	+0.6	-
Profit	31	-294	-215	-246	-	+79	-
Profit margin	0.6	-5.2	-3.8	-4.4	-	+1.4	-

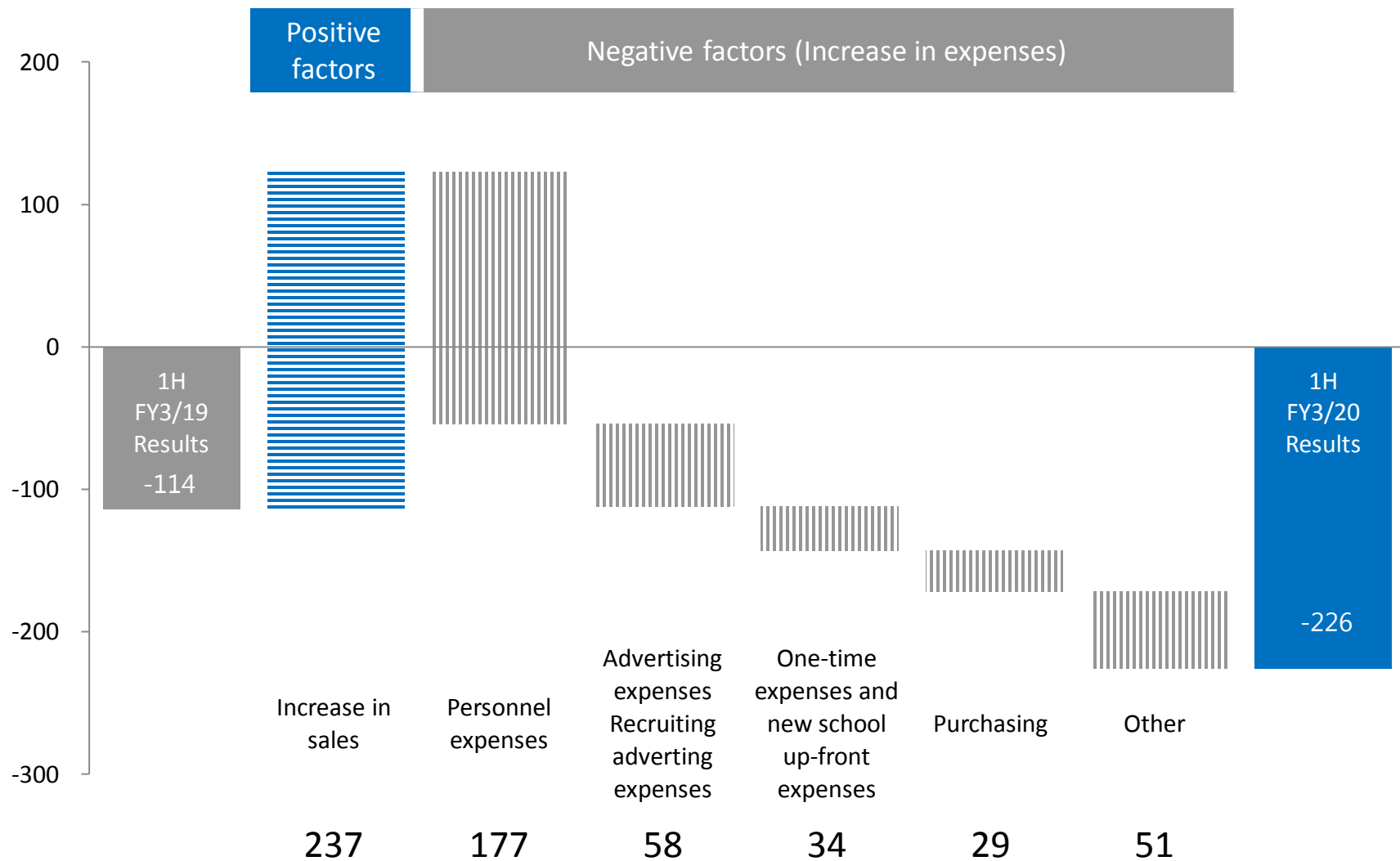
# Business Segment Sales

(Millions of yen)



# Change in Operating Profit/Loss

(Millions of yen)



# Number of Students at SEIGAKUSHA Group Schools (As of Sep. 30, 2019)

Elementary school students	Junior high school students	High school students	(Number of students)
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Individual tutoring

1,716	6,171	9,218	<b>17,105</b>
1,469	6,490	9,075	17,034
1,590	6,207	8,981	16,778

Class teaching

2,936	4,035	500	<b>7,471</b>
2,882	4,477	443	7,802
2,939	4,454	588	7,981

Nursery school

<b>649</b>
646
487

Other education services

<b>164</b>
227
101

Directly operated schools

**25,389**

Vs. plan	-320
YoY change	+42

Franchised schools

<b>1,902</b>
1,815
1,392

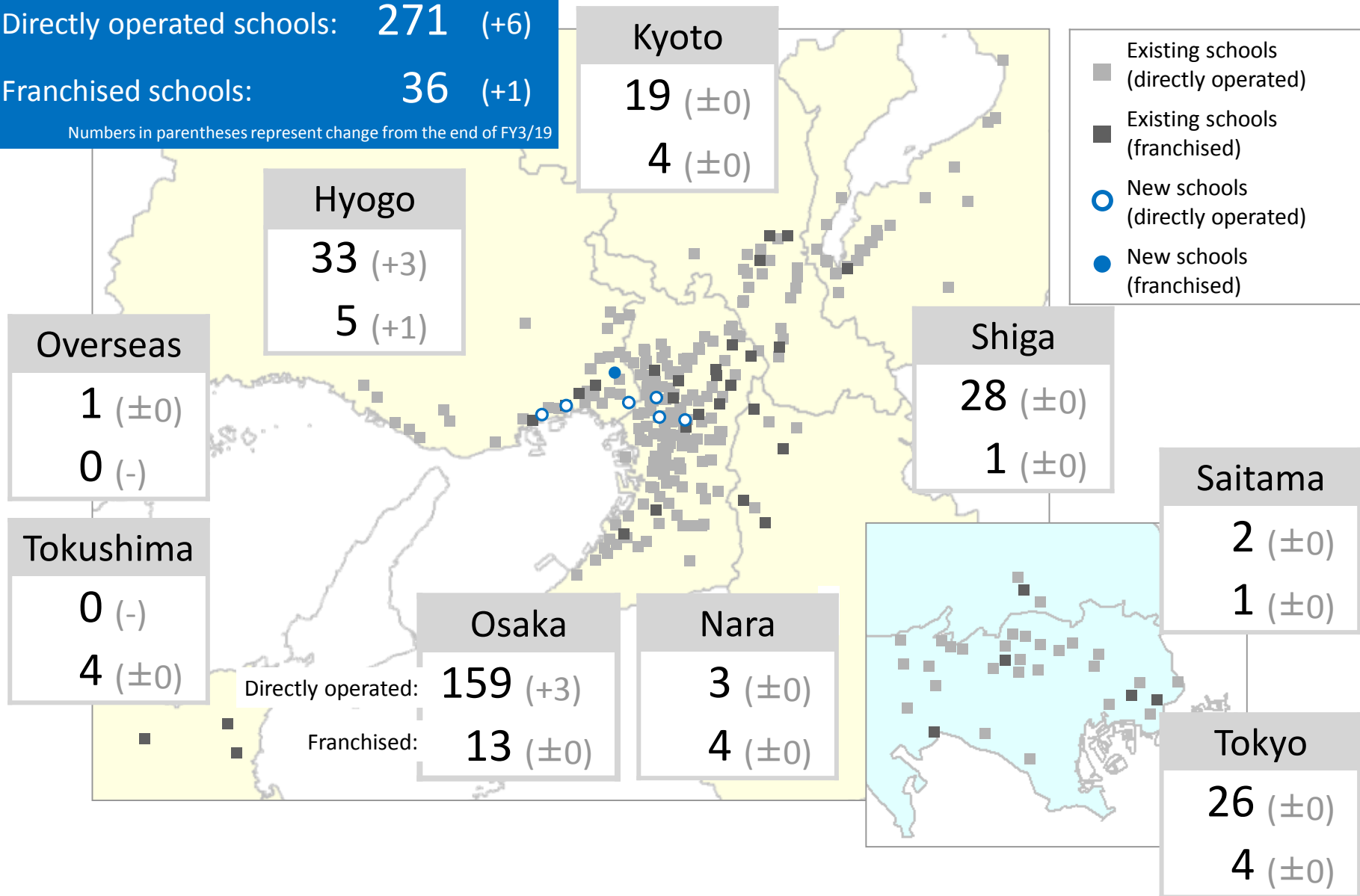
1H FY3/20 Results

1H FY3/20 Plan

1H FY3/19 Results

# Number of Schools

Directly operated schools: **271** (+6)  
 Franchised schools: **36** (+1)  
Numbers in parentheses represent change from the end of FY3/19





# Number of Directly Operated Schools

## Individual tutoring

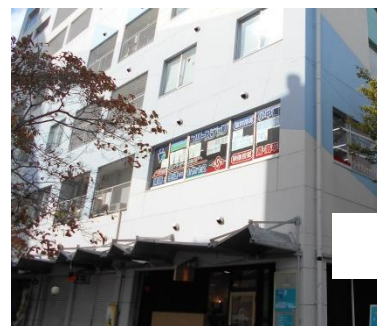
210

Opened 3

Closed 0

FreeStep Individual Tutoring Institute schools / Yozemi Sateline Exam Preparation School classes (Hyogo) JR Amagasaki, Rokkomichi

Class Benesse (Osaka) Imafuku-Tsurumi



FreeStep Individual Tutoring Institute JR Amagasaki School (Amagasaki, Hyogo)

## Class teaching

101

Opened 1

Closed 0

Kaisei Education Seminar (Osaka) Umeda Head Office



FreeStep Individual Tutoring Institute Rokkomichi School (Nada-ku, Kobe)

## Nursery school

17

Opened 2

Closed 0

Kaisei Nursery School (Osaka) Higashi-Mikuni

Aiterasu Nursery School (Hyogo) Konan Yamate



Higashi-Mikuni Kaisei Nursery School (Yodogawa-ku, Osaka)

## Other

4

Opened 0

Closed 0

Note: The total number of directly operated schools does not match the total for categories because some schools operate in two or more categories.

## Balance Sheet and Cash Flow Statement

(Millions of yen)

	Sep. 30, 2019	Mar. 31, 2019	Change
Current assets	2,589	3,247	-657
Non-current assets	5,612	5,610	+2
<b>Total assets</b>	<b>8,202</b>	<b>8,858</b>	<b>-655</b>
Current liabilities	2,828	3,606	-777
Non-current liabilities	2,952	2,582	+369
<b>Total liabilities</b>	<b>5,781</b>	<b>6,188</b>	<b>-407</b>
Shareholders' equity	2,421	2,665	-244
Accumulated other comprehensive income	0	3	-3
<b>Total net assets</b>	<b>2,421</b>	<b>2,669</b>	<b>-248</b>
<b>Total liabilities and net assets</b>	<b>8,202</b>	<b>8,858</b>	<b>-655</b>

	1H FY3/20	1H FY3/19
Cash flows from operating activities	-248	123
Cash flows from investing activities	-72	-259
Cash flows from financing activities	103	224
Effect of exchange rate change on cash and cash equivalents	-2	-1
Net increase (decrease) in cash and cash equivalents	-219	86
Cash and cash equivalents at beginning of period	1,319	882
Cash and cash equivalents at end of period	1,100	969

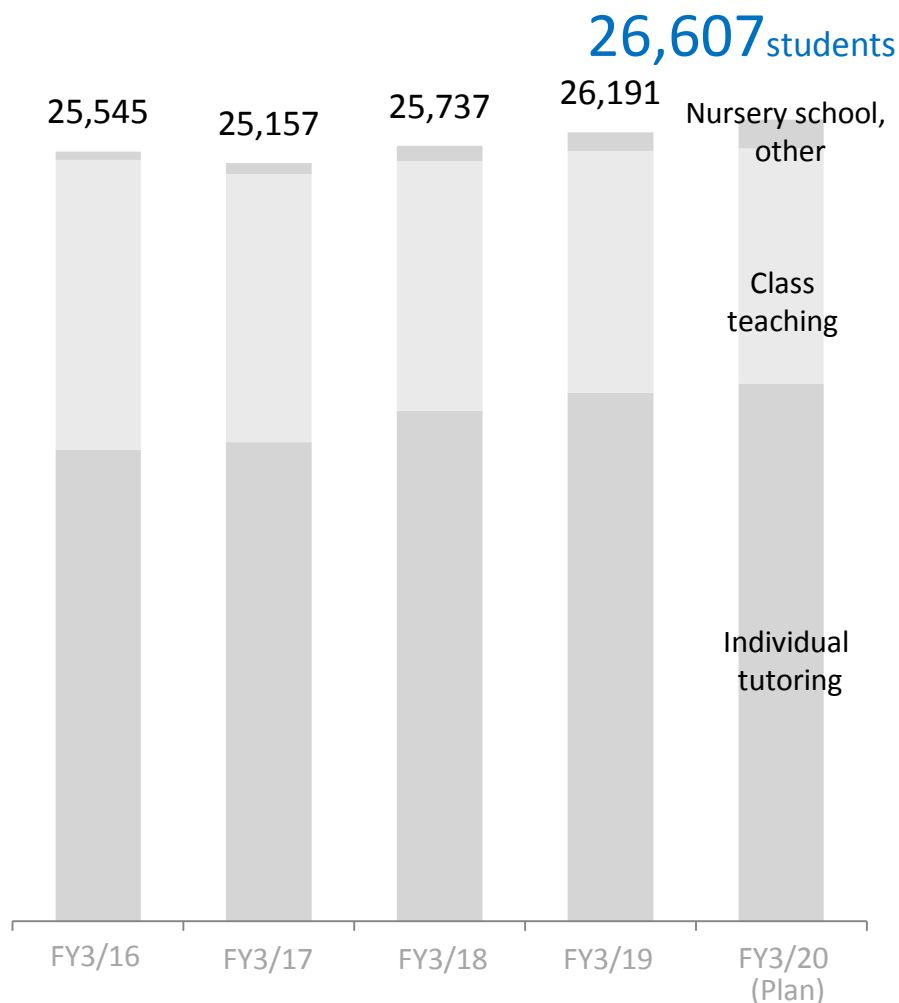
## Earnings Forecasts

(Millions of yen, %)

	FY3/19 Results	FY3/20 Plan	YoY change	YoY (%)
Net sales	11,890	12,641	+750	+6.3
Education Services	11,741	12,482	+741	+6.3
Individual tutoring	7,616	7,927	+310	+4.1
Class teaching	2,896	2,822	-73	-2.5
Nursery school	970	1,171	+201	+20.7
Other education services	257	560	+302	+117.4
Real Estate Leasing	36	37	+0	+1.3
Restaurant Operations	113	121	+8	+7.9
Operating profit	384	223	-160	-41.9
Operating margin	3.2	1.8	-1.5	-
Ordinary profit	679	189	-490	-72.2
Ordinary margin	5.7	1.5	-4.2	-
Profit	396	13	-382	-96.5
Profit margin	3.3	0.1	-3.2	-

# Number of Students and Schools

## Number of Students (As of November, which is normally when the number of students is highest)



## Number of Schools

(End of FY3/20 forecasts as of September 30, 2019)

Numbers in parentheses are initial forecasts

Directly operated schools	275	(288)
Individual tutoring	213	(223)
Class teaching	101	(101)
Nursery school	17	(17)
Other education services	5	(8)
Franchised schools	36	(47)

Note: The total number of directly operated schools does not match the total for categories because some schools operate in two or more categories.

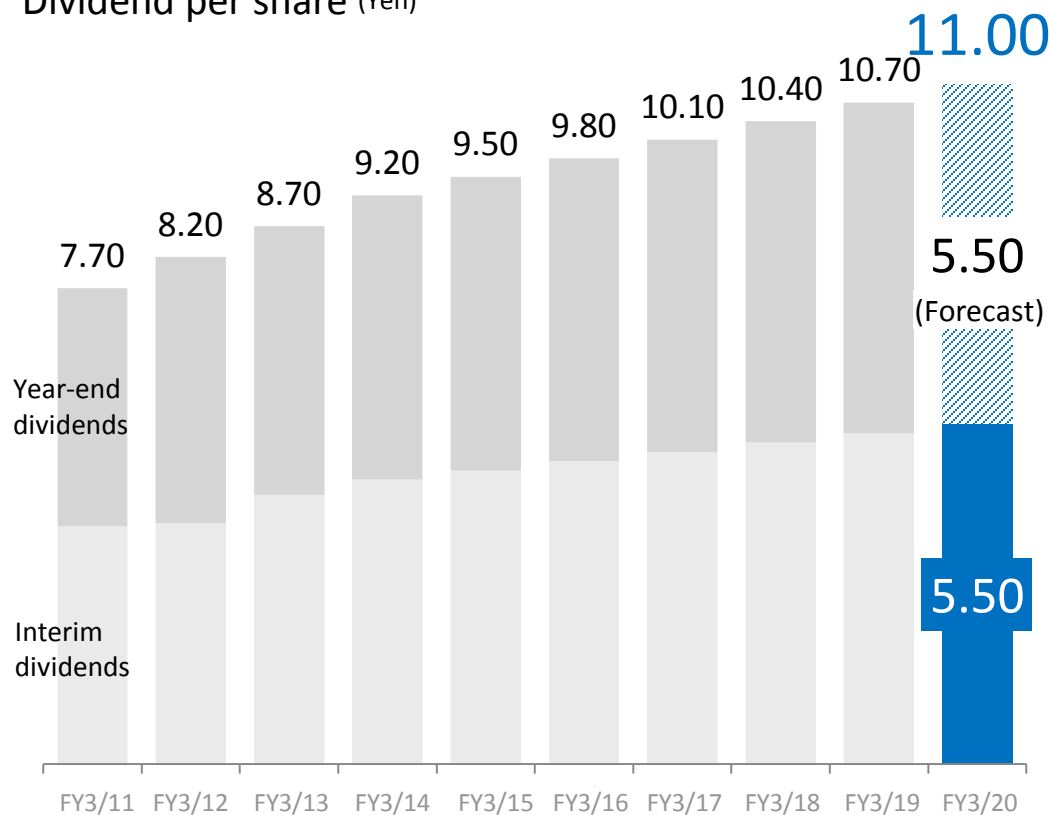
# Shareholder Distributions

## Dividends

Forecast 10th consecutive year of higher dividend

Pay a consistent and stable dividend while building a strong foundation that can support business operations for many years

Dividend per share (Yen)



Note: Figures for FY3/11 and FY3/12 are adjusted to reflect the stock split.

## Shareholder benefits

Use benefits to increase the number of shareholders by making SEIGAKUSHA stock an even more attractive investment

- Eligible shareholders  
Shareholders who hold at least one trading unit as of each record date
- Record dates  
Mar. 31 and Sep. 30  
(Twice each year)
- Benefits  
All shareholders who hold at least one trading unit receive a 1,000 yen QUO card

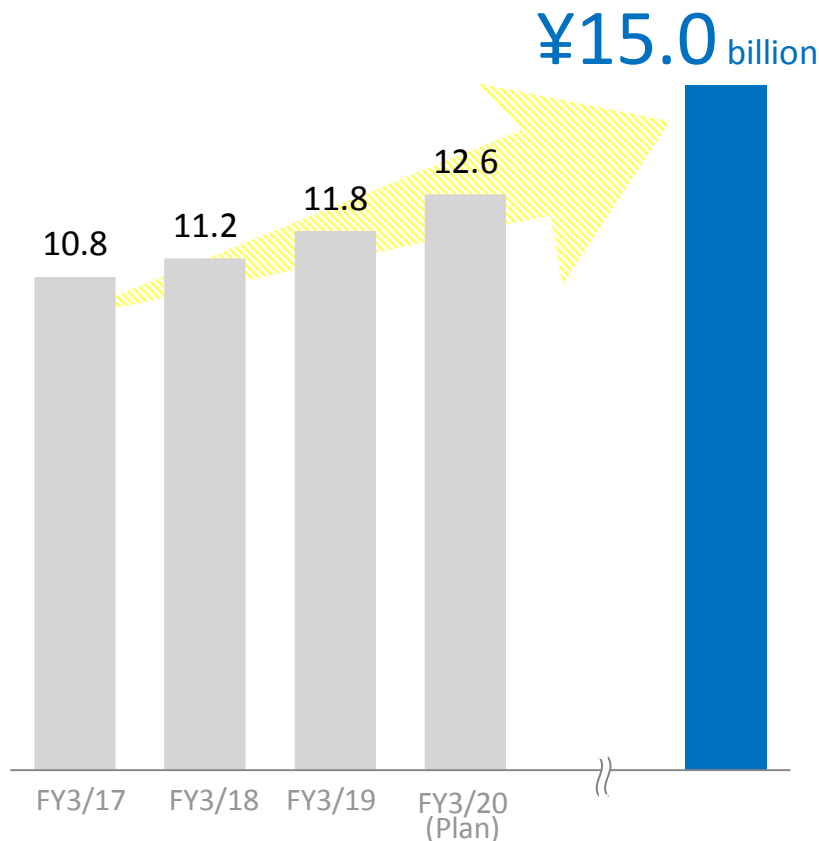
# Medium-term Growth Strategy

Consolidated net sales: 15 billion yen

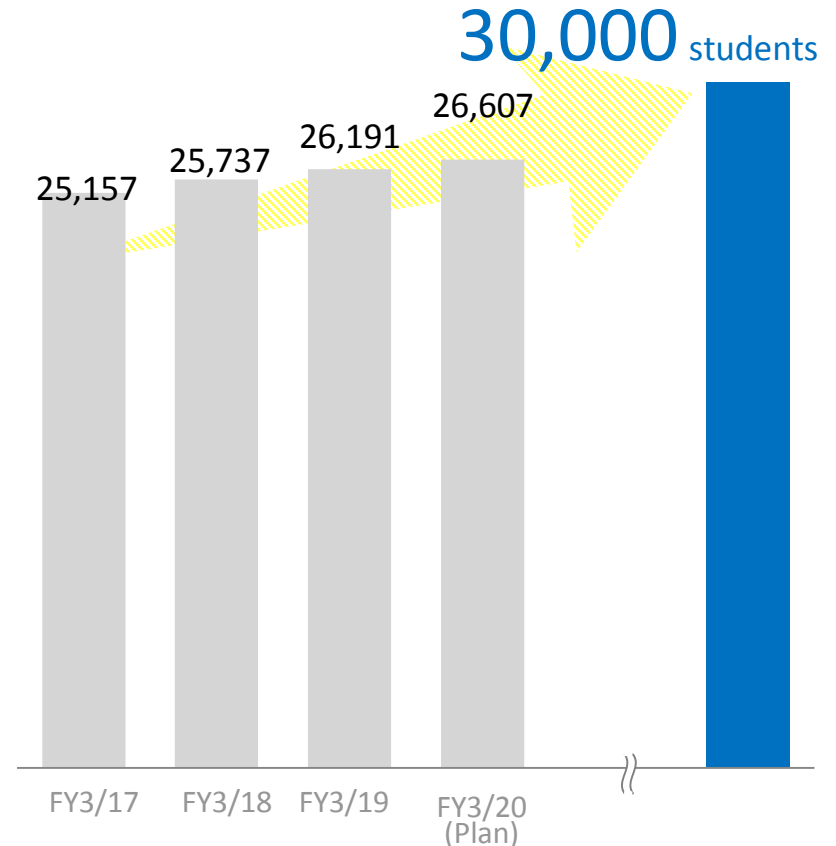
Growth in entrance exam preparation as well as all other business sectors involving education

Number of Students at SEIGAKUSHA Group Schools: 30,000

Use existing brands for growth and target more customer segments



As of November, students of directly operated schools only



# New Business Progress Report (1)



## Class Benesse

(uses a franchising agreement with Benesse Corporation)

- A learning assistance format with the goal of enhancing the ability to learn on one's own; this business is for children using Shinkenzeni for studying at home
- An instructor monitors each student's progress with Shinkenzeni to provide support that seamlessly links schools and home study
- Class Benesse also includes counseling and guidance regarding entrance exams and other plans in order to enable students to achieve their goals



The Imafuku-Tsurumi School

Goal is five new schools during the first year

July 2019

Class Benesse Imafuku-Tsurumi (Tsurumi-ku, Osaka) opened

- Large numbers of inquiries and student registrations
- A strong start with more students than expected

December 2019

Class Benesse Hankyu Ibaraki (Ibaraki, Osaka) opened

# New Business Progress Report (2)



An English conversation school with child care and nursery school services for pre-school and elementary school age children

- Native English speakers conduct activity-centered classes that allow children to learn English naturally while having fun
- IVYKIDS Ibaraki (Ibaraki, Osaka) opened in March 2019

Goal is about 20 schools in the Kinki area during the next five years





## 開成アカデミー Kaisei Academy 日本語学校

Kaisei Academy Japanese Language School

Started operations in April 2017 as a Japanese language school for foreign students in Japan

The number of students has increased steadily at the Osaka-Umeda Campus, now in its third year of operation. This school has been approved by Japanese immigration authorities as a qualified Japanese language education institution

In October 2019, the second campus opened in the city of Kawanishi in Hyogo prefecture

### Kawanishi, Hyogo

An excellent location for learning the language and customs of Japan due to its proximity to large cities as well as access to nature

- Capacity is 100 students in the first year
- Plan to raise capacity to about 300 students over the next five years, increasing the number of students and the size of this business



A class at the Osaka-Umeda school

## Gangnam Japanese Language School

A school in Seoul for students in Korea who want to attend a prestigious university in Japan

- Classes structured for the Examination for Japanese University Admission for International Students (EJU)
- Classes structured for secondary tests and interviews for admission to national and public universities and prestigious private universities in Japan
- Collaboration with Kaisei Academy Japanese Language School, lessons to prepare for study in Japan



Established a company in Vietnam and preparing to open a school in Da Nang

Vietnam's population of children is increasing rapidly and interest in learning Japanese is high. The largest city in central Vietnam, Da Nang has strong economic and population growth and is attracting many foreign companies.



## Da Nang Kaisei Nursery School and Kindergarten

Japanese-style child care and development promotes self-reliance, social skills and the ability to cooperate with others

Ages: For ages one to six

Opening: January 2020 (plan)

SEIGAKUSHA VN CO., LTD., the new Vietnam subsidiary, will operate Japanese language schools, assist students who want to attend universities in Japan and provide other services.

# Precautions

Forecasts of future performance in this report incorporate risks and uncertainties because these statements are based on assumptions judged to be valid and information available to the SEIGAKUSHA's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons.

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