

Results of Operations  
for the First Half of the Fiscal Year Ending  
March 31, 2021 (FY3/21)



Stock code: 2179

December 2, 2020

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

## Education Services

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

Entrance exam preparation schools



Individual tutoring

Mainly one instructor for every two students



Video classes for university entrance exams



Other individual tutoring brands



Entrance exam preparation schools



Class teaching

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



Other

Japanese language classes for foreign students in Japan



After-school care



South Korea Gangnam Japanese Language School

Vietnam Kindergarten

Teacher staffing service for schools, operation of employee training centers, and planning and production of digital and e-learning materials, in addition to operations of the above brands

Nursery school



Certified nursery schools



Real Estate Leasing

Leasing of unused space

Restaurant Operations

Two restaurants in the city of Osaka

# Results of Operations

## 1H FY3/21

- COVID-19 affected our business performance from the start of FY3/21
- Sales decreased as the fiscal year started with the lower number of students at SEIGAKUSHA Group. Earnings decreased because reduced costs resulting from lower purchases of teaching materials and cancellations of study camps and other events could not cover the decline in sales

## FY3/21 Forecasts

- A decrease in the number of students from FY3/20 during the entire fiscal year because of the decline in the number of students at the beginning of FY3/21
- Lower sales and earnings mainly because of a decrease in the number of students, a shorter period for training seminars, and still no gov't decision about when to start allowing new foreign students to enter Japan
- Demand is strong for face-to-face lessons; Restarting new school openings in the second half  
Plan to open the first school in Chiba in November 2020 (FreeStep Individual Tutoring Institute Gyotoku school)

# Impact of COVID-19

## Education Services

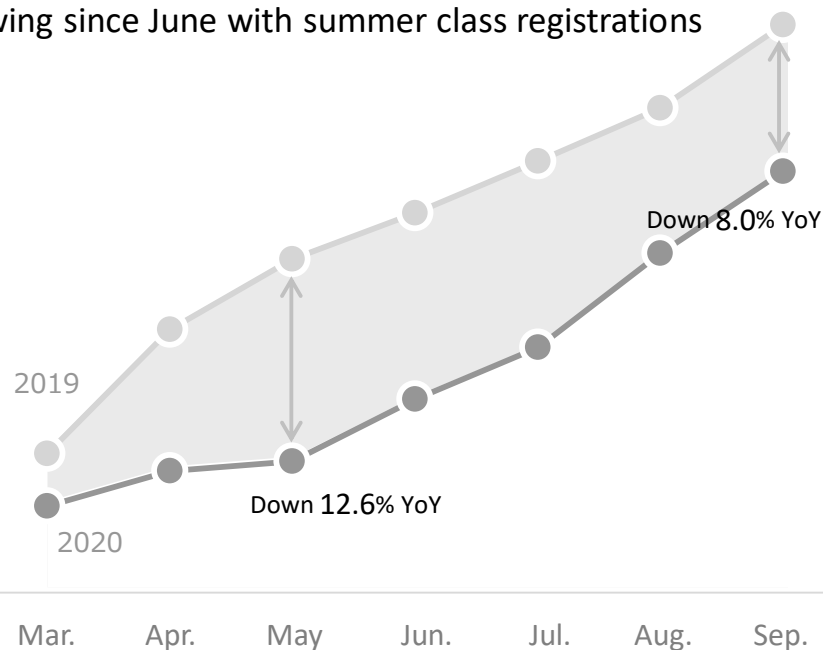
### Entrance exam preparation schools (individual tutoring and class teaching)

Started online lessons in April

Combined face-to-face and online lessons starting in May

Held alternate classes to replace canceled summer study camps and other events

The YoY decline in exam preparation students has been slowing since June with summer class registrations



## Education Services

### Nursery schools

Operations continued while taking many actions to prevent infections

## Education Services

### Others

New students at Kaisei Academy Japanese Language School are still unable to enter Japan

The kindergarten in Vietnam was closed from February to the middle of May

\*1H FY3/21 results include January-June 2020 for SEIGAKUSHA VIETNAM because this company's fiscal year end is December 31.

## Restaurant Operations

Lunch sales are starting to recover, but the business climate remains challenging because of the significant impact of COVID-19

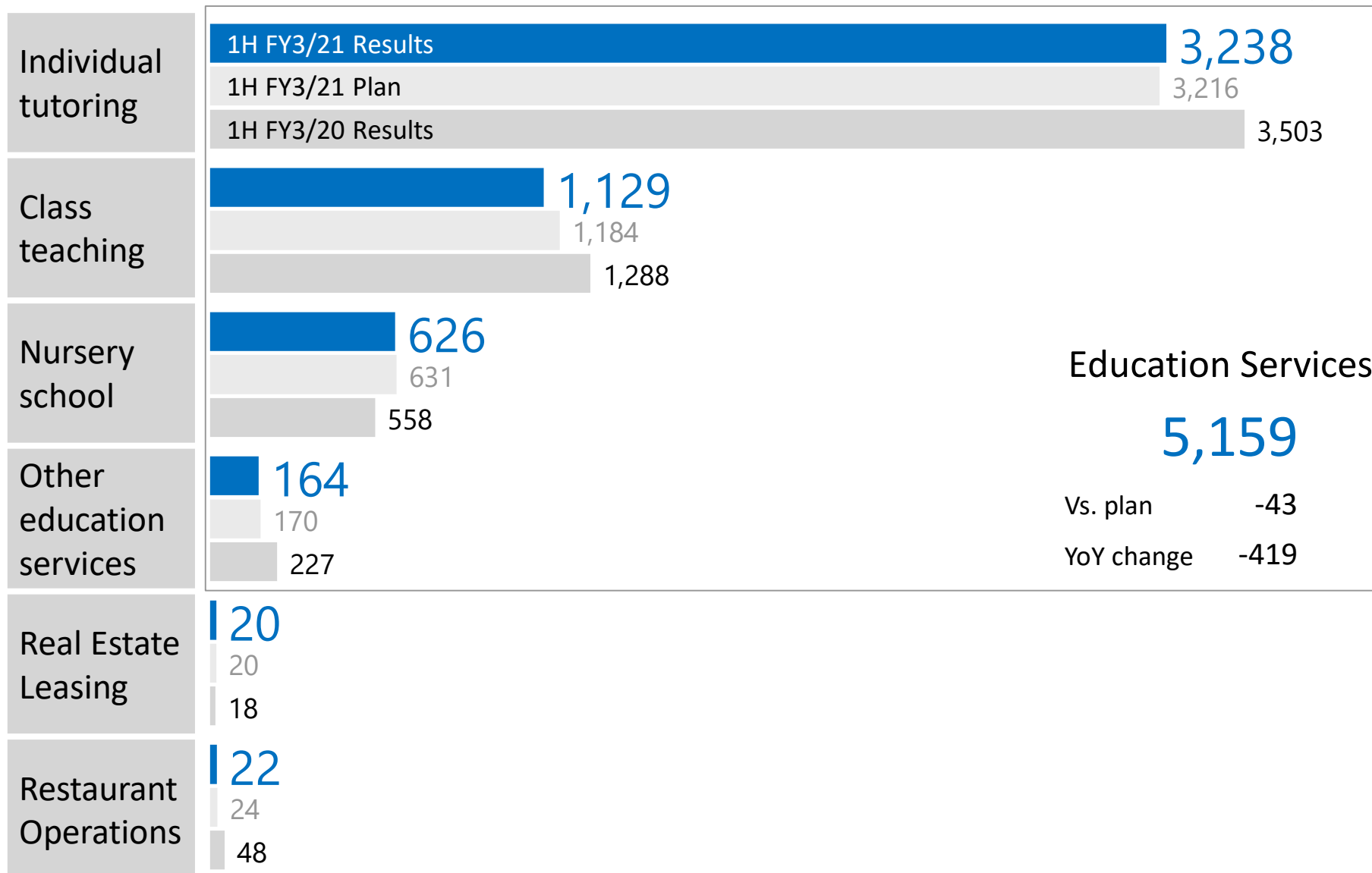
## Statement of Income

(Millions of yen, %)

	1H FY3/20 Results	1H FY3/21 Plan	1H FY3/21 Results	YoY change	YoY (%)	Vs. plan	% achieved
Net sales	5,645	5,247	5,202	-443	- 7.9	-44	99.1
Education Services	5,578	5,202	5,159	-419	- 7.5	-43	99.2
Real Estate Leasing	18	20	20	+1	+8.1	+0	100.8
Restaurant Operations	48	24	22	-25	- 52.8	-1	95.2
Operating profit	-226	-387	-372	-145	-	+14	-
Operating margin	-4.0	-7.4	-7.2	-3.1	-	+0.2	-
Ordinary profit	-245	-390	-374	-128	-	+16	-
Ordinary margin	-4.3	-7.4	-7.2	-2.8	-	+0.2	-
Profit	-215	-381	-309	-94	-	+71	-
Profit margin	- 3.8	- 7.3	- 5.9	-2.1	-	+1.3	-

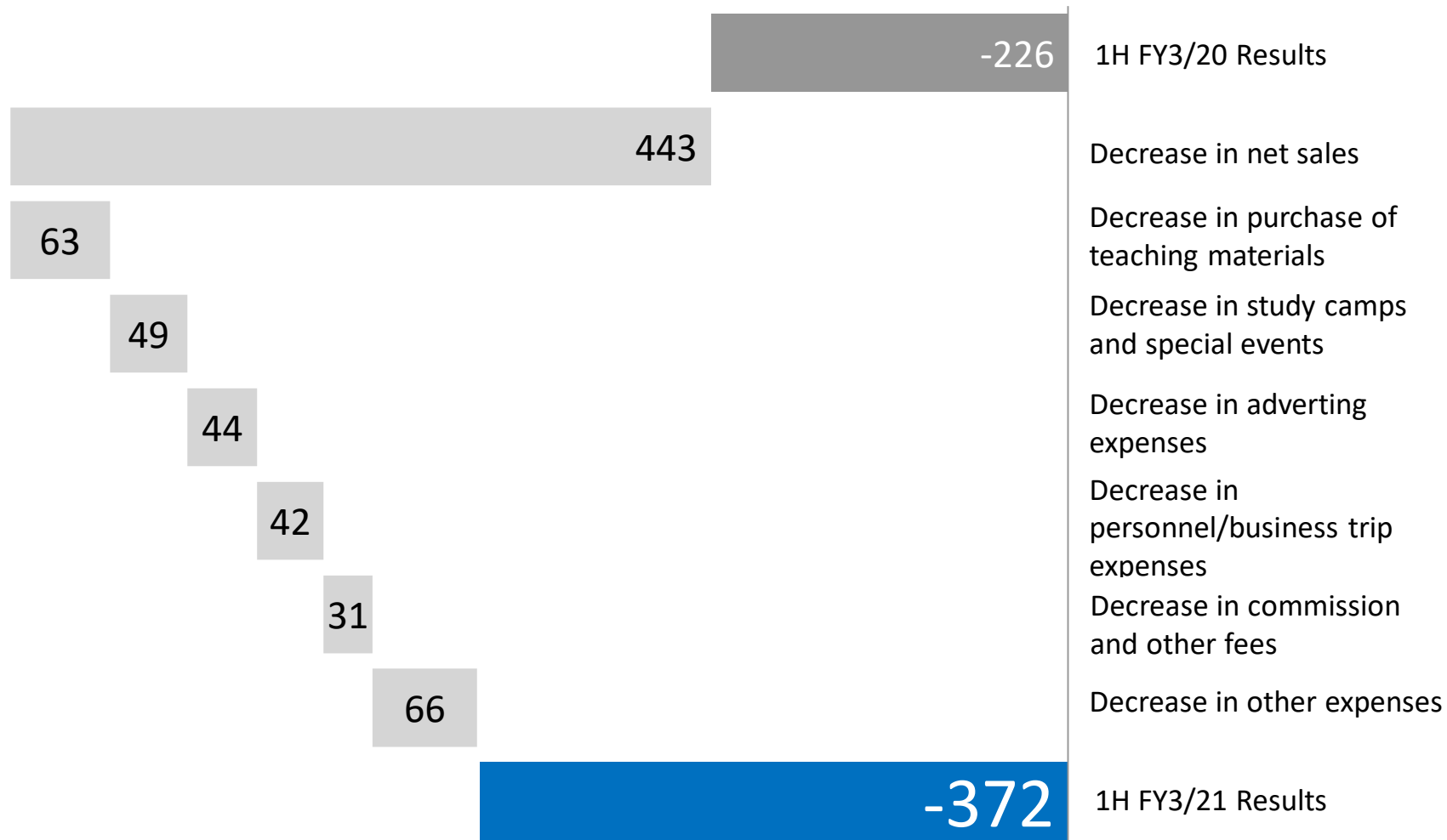
# Business Segment Sales

(Millions of yen)



# Change in Operating Profit/Loss

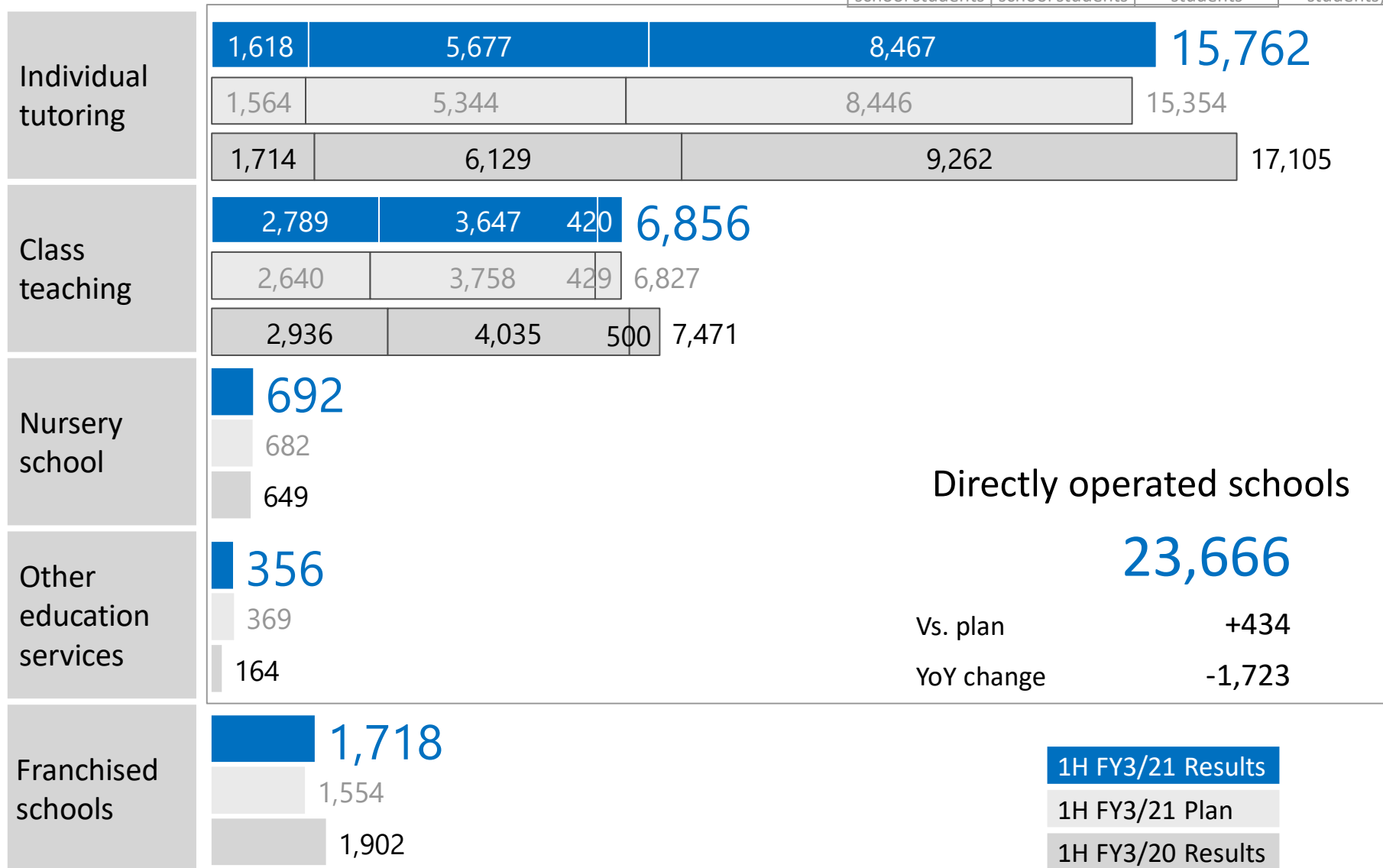
(Millions of yen)



# Number of Students at SEIGAKUSHA Group Schools

(As of Sep. 30, 2020)

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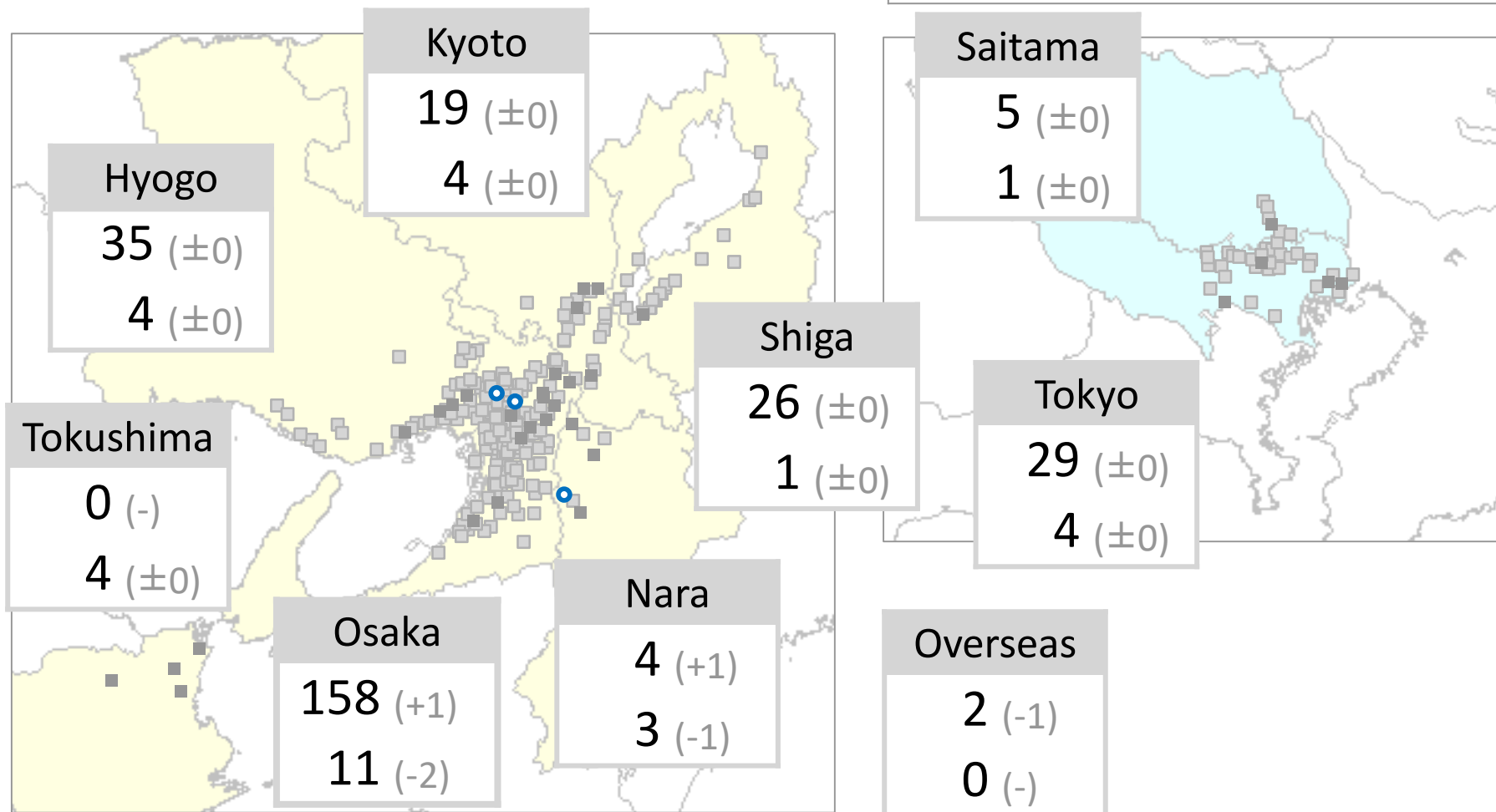




# Number of Schools

Directly operated schools: **278** (+1)  
 Franchised schools: **32** (-3)  
Numbers in parentheses represent change from the end of FY3/20

- Directly operated existing schools
- Franchised existing schools
- Directly operated new schools (converted from franchised schools)



## Balance Sheet and Cash Flow Statement

(Millions of yen)

	Sep. 30, 2020	Mar. 31, 2020	Change
Current assets	2,835	3,204	-369
Non-current assets	5,536	5,573	-37
<b>Total assets</b>	<b>8,371</b>	<b>8,778</b>	<b>-407</b>
Current liabilities	3,246	3,362	-116
Non-current liabilities	2,793	2,753	+39
<b>Total liabilities</b>	<b>6,039</b>	<b>6,116</b>	<b>-77</b>
Shareholders' equity	2,339	2,665	-325
Accumulated other comprehensive income	-7	-3	-3
<b>Total net assets</b>	<b>2,331</b>	<b>2,661</b>	<b>-329</b>
<b>Total liabilities and net assets</b>	<b>8,371</b>	<b>8,778</b>	<b>-407</b>

	1H FY3/21	1H FY3/20
Cash flows from operating activities	-342	-248
Cash flows from investing activities	-180	-72
Cash flows from financing activities	406	103
Effect of exchange rate change on cash and cash equivalents	-3	-2
Net increase (decrease) in cash and cash equivalents	-120	-219
Cash and cash equivalents at beginning of period	1,368	1,319
Cash and cash equivalents at end of period	1,248	1,100

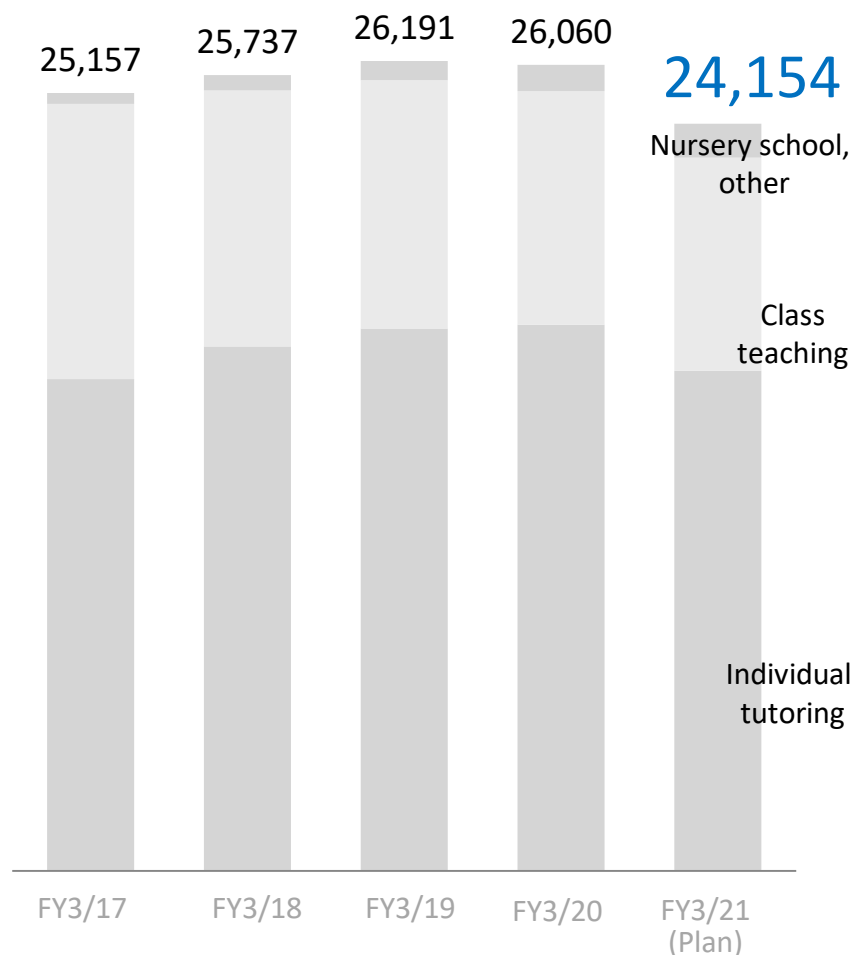
## Earnings Forecasts

(Millions of yen, %)

	FY3/20 Results	FY3/21 Plan	YoY change	YoY (%)
Net sales	12,220	11,360	-859	-7.0
Education Services	12,073	11,249	-823	-6.8
Individual tutoring	7,764	7,265	-498	-6.4
Class teaching	2,727	2,371	-356	-13.1
Nursery school	1,183	1,250	+66	+5.6
Other education services	397	362	-35	-9.0
Real Estate Leasing	37	41	+4	+10.7
Restaurant Operations	108	69	-39	-36.4
Operating profit	272	-295	-568	-
Operating margin	2.2	-2.6	-4.8	-
Ordinary profit	251	-291	-542	-
Ordinary margin	2.1	-2.6	-4.6	-
Profit	33	-347	-381	-
Profit margin	0.3	-3.1	-3.3	-

# 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 FY3/21 forecasts as of November 30, 2020)

Numbers in parentheses represent number of schools as of March 31, 2020

Directly operated schools	277	(277)
Individual tutoring	223	(217)
Class teaching	87	(96)
Nursery school	17	(17)
Other education services	5	(7)
Franchised schools	33	(35)

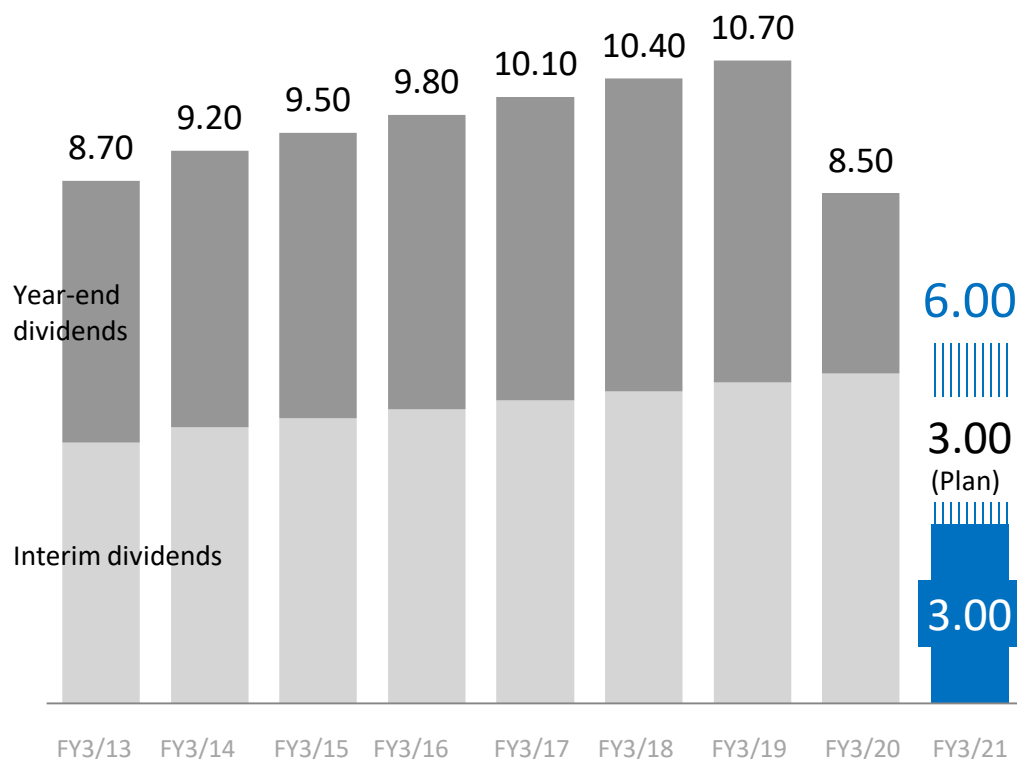
Note: The total number of directly operated schools does not match the total for categories because some schools operate in two or more categories.

# Shareholder Distributions

## Dividends

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

Dividend per share (Yen)



## 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

Started providing interactive online lessons

個別指導学院フリーステップ  
FreeStep Individual Tutoring Institute

- Makes lessons accessible anywhere in Japan, even in areas where recruiting university student instructors is difficult

Self-study rooms for online lessons are also available!

Accessible from anywhere in Japan

Individual tutoring at home  
個別指導をご自宅で!

## 双方向オンライン授業

通常授業と同じく1授業80分で実施中!  
Interactive online lessons  
80 minutes per class as in the regular program

Also online!

FreeStep's classes are strong in improving scores and preparing for university entrance exams

Started lessons that use external funding program (Hyogo-Kawanishi school)

 開成アカデミー日本語学校  
Kaisei Academy Japanese Language School

## Nursing Care Advancement Class

A class for people who want to live and work for many years in Japan

Specialized skills and national gov't qualifications are required to receive a working visa in the nursing care field. A shortage of 370,000 nursing care personnel is expected in Japan in 2025. This Kaisei Academy program will enable foreign students to find jobs in this field and help reduce this shortage.

Loan-based scholarship

- Nursing care facilities where students plan to work pay all expenses while students are at the Kaisei Academy Japanese Language School.
- After graduation from a school specializing in nursing care and welfare, students work at the facilities that paid their expenses and repay the cost of their classes to these facilities.

## Newspaper Scholarship Student Class

A class for students who want to advance their educations while using the newspaper scholarship program

Grant-based scholarship

- The Newspaper Sales Employee Aid Association pays all expenses for students at the Kaisei Academy Japanese Language School.
- Students study at the Japanese language school and deliver the morning and evening editions of newspapers.
- Scholarship payments made by the association do not have to be repaid.

Knospear content selected for the STEAM Library (digital education materials) of the Ministry of Economy, Trade and Industry



## The Next-generation City Creation research theme (centered on the New National Stadium and community creation)

### Overview of “STEAM Library” business

One of the modern educational keywords common to the world is “STEAM (Science, Technology, Engineering, Arts (humanities, arts, design, etc.) and Mathematics”).

In June 2019, the Ministry of Economy, Trade and Industry compiled the “Future Classroom” vision and set “STEAM learning” as one of the important pillars of future educational reform.

The contents posted in the library are organized in consideration of the 17 themes of SDGs that children who will become “creators of the future society” should challenge, and are integrated and interdisciplinary social issues that are not bound by the framework of conventional subjects. Themes of life tasks that are familiar to students will be also prepared.

It is composed of main teaching materials (videos, etc.) + supplementary teaching materials for elementary to high school students, and by devising ways to make it easier to use in classes at schools, such as linking with the curriculum guidelines and posting teaching plans and teaching plans, “STEAM of learning” will be expanded and popularized. In addition, themes include AI, energy, mobility and disaster prevention which are connected to society, and content of teaching materials are related to SDGs. Private operators and high schools, universities, and research institutions work together to make the content development.

From March 2021, everyone can access the digital library and use it for classes and home study.



Knospear content selected for the STEAM Library (digital education materials) of the Ministry of Economy, Trade and Industry

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**The Next-generation City Creation research theme (centered on the New National Stadium and community creation) of Knospear Inc.**

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- Use a variety of activities involving the new national stadium to determine new technologies and ideas that will be required for creating sustainable cities.
- The goal is studies encompassing a broad spectrum of fields extending from science and social science to physical and health education and the arts.

## Overview

### Targeted SDGs



### Subjects/Credits

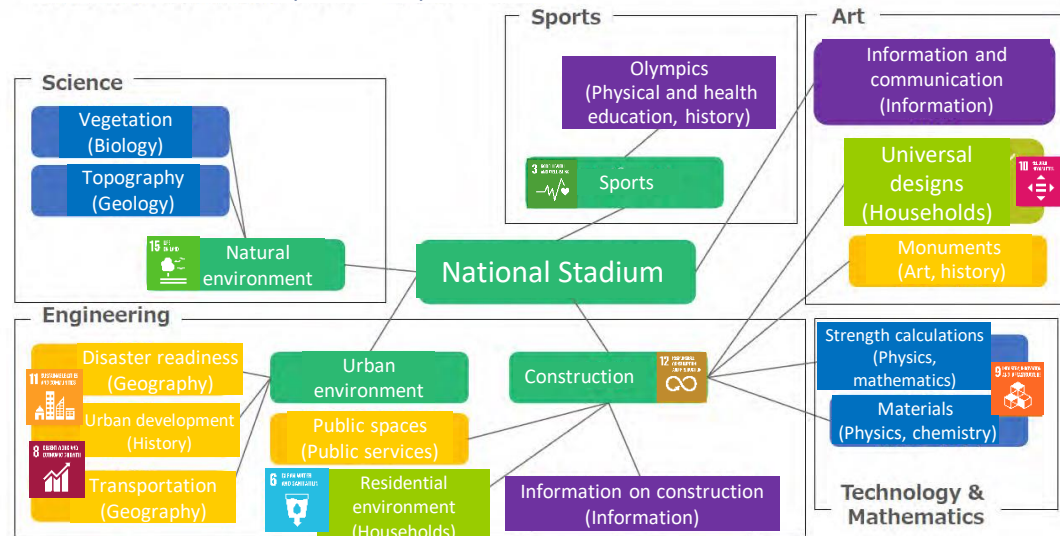
- Biology x Geography/History x Physics...
- Nature, vegetation and geography for transportation/disaster readiness and materials and strength calculations for buildings, all for creating a sound urban environment

### Partners (planned)



## Content (plan)

### Structure of STEAM (Tentative)



Release of the AI-based Grade Master system for grading written exam responses (“SAITEN SHISHOU”)

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## More written problems in exams

- Entrance exams will have more problems requiring written responses due to the Ministry of Education’s new emphasis on the ability to think, make judgments and be expressive as key aspects of academic skills.
- It is difficult to make self-assessment for students, while teachers need more time for grading.

## Grade Master

- A revolutionary AI-based system that automatically grades written responses to exam questions
- Increases the number of times students can practice; produces grades immediately at low cost and a high degree of accuracy and consistency

## Utilization and planned use

- The BASIC.StudyCamp\* program of four universities started using Grade Master on December 1, 2020.
- Grade Master will be incorporated in SEIGAKUSHA’s entrance exam preparation programs starting in FY3/22 and utilized for both classes and home study.

\*BASIC.StudyCamp

E-learning materials for training prior to entering a university, the first year of university work, prior to starting a job and for other needs. The program is used 15-20 minutes every day to acquire study skills essential for success at university classes, job hunting and work.

## Release of the AI-based Grade Master system for grading written exam responses (“SAITEN SHISHOU”)

# 14 KNOSPEAR

プレビュー 1/1

**自由記述問題**

筆者が「書く」スキルに必要だとしていることを、50字以内でまとめなさい。

筆者が高校生だった頃の話です。

「現代国語って、日本人だから特に勉強しなくてもわかるよね」と思っていました。文章を読んで、意味が分かるかどうかという点だけに着目していたともいえます。もちろん漢字だったり語彙だったり覚える必要があるのですが、この「文章読解」については、筆者は勉強する必要があるとは思っていませんでした。そのため、成績を巡って悲喜こもごもあったのですが...

それはさておき、筆者が大学生になってから感じたのは、「読解力が身につけていなければ、まともな文章は書けない」ということです。実際に文章を書いてみたときの経験を紹介しましょう。

自分では十分他人に伝わる文章として書いたと思うものでも、2〜3日経って読み返すと、何を言いたいのかが分からない文章になっていることが往々にしてありました。他者に伝わる文章を書くのは難しく、文章の構成はもちろん、言葉や接続詞の使い方など、様々なテクニクをしっかりと身につけ、その使い方を考えないといけなかったのです。

「書く」スキルは「読む」時に求められるスキルの逆パターンとも言える良いのでしょうか。相手に伝わりやすい文章というのは、読みやすい文章に他ならなかったわけです。どういう文章が読みやすいのか、伝わりやすいのかを知らないことには、良い文章を書くことはできません。高校生の時に感じた「勉強しなくてもわかるよね」は、あくまでも、教科書に載っている文章がわかりやすく、意味を読み取りやすい文章が選ばれていたからでした。そのため、その文章を読めたからと言って、自分の読解力が高かったわけではないことを、思い知らされたのでした。

ここで入力して下さい

読解力を身につけて、読みやすい文章とは何かを理解したうえで、語彙や文法などの知識を身につけること

(2) 48文字

判定

(1)

プレビュー 1/1

**自由記述問題**

**あなたの解答**

読解力を身につけて、読みやすい文章とは何かを理解したうえで、語彙や文法などの知識を身につけること

次へ >

**解説**

模範解答：  
読みやすい文章とは何かを知り、文章の構成、言葉や接続詞の使い方といったテクニクを身につけること

この問題では、あなたの入力内容をAIが自動採点しています。  
模範解答をもとに算出する適正度と、キーワードなどの要素を判定し、最終的に10点満点中8点以上で正解になります。  
ただし、文字数が適正でない場合は、点数に関係なく間違いと判定されます。

模範解答と「完全に一致」する必要はありません。質問に対するポイントを押さえ、的確に解答しましょう。

**あなたの解答の適正度：82.4%** (3)

さらに、以下の要素を評価しています。

- ・不足キーワード：テクニク
- ・入力文章文字数：48文字
- ・文字数の過不足：過不足なし

(文字の過不足がマイナスの場合は足りないことを、プラスの場合は多いことを示しています)

**10点満点で4点** (4)

(8点以上で正解)

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- (1) Problem theme area (sentence, picture, video)
- (2) Answer entry area
- (3) Assessment of suitability of answer
- (4) Comprehensive evaluation using key words and number of words to determine the grade

# 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.

## Inquiries:

Corporate Planning Department, SEIGAKUSHA CO.,LTD.

3-1-2, Nakazakinishi, Kita-ku, Osaka 530-0015

Tel: +81-6-6373-1595    Fax: +81-6-6373-1518