

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



Stock code: 2179

June 3, 2021

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

Shinkenzei Individual Tutoring School



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
Teacher staffing service for schools, operation of employee training centers, planning and production of digital and e-learning materials, and consulting services for kindergarten operations, 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, provision of school lunch

Results of Operations

FY3/21 Results

- The fiscal year started with a low number of students at the Group but the number of new students recovered steadily after the summer classes
- The number of students at group companies peaked at a level that was higher than expected
- Alternate classes that replaced canceled study camps and other events minimized the impact of these cancelations

FY3/22 Forecasts

- Although there is no end of the COVID-19 crisis is in sight, performance is expected to return to the pre-crisis level because of online classes and other online activities
- Plan on expansion of the FreeStep business in the Tokyo area, where the need for individual tutoring is increasing

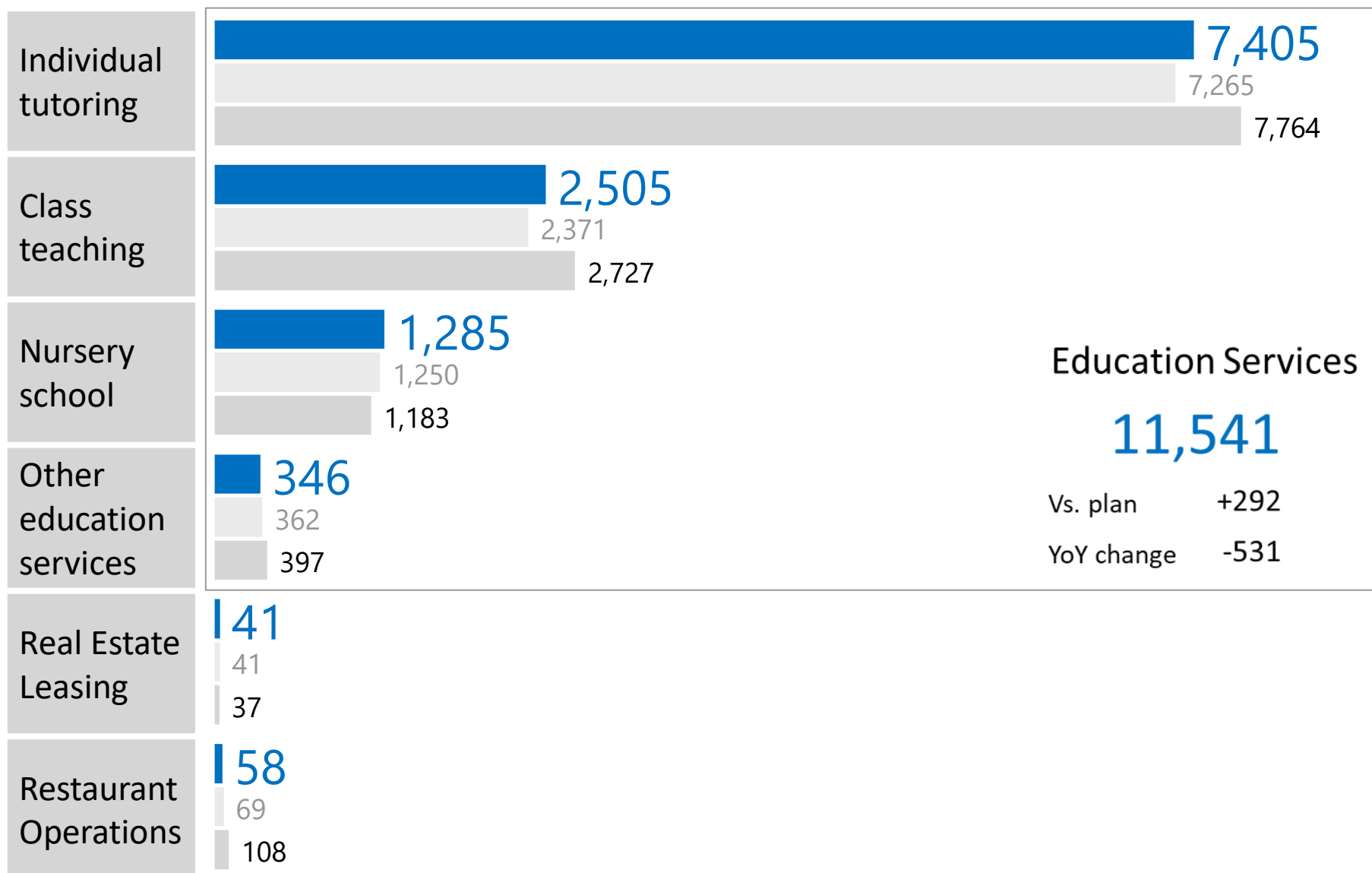
Statement of Income

(Millions of yen, %)

	FY3/20 Results	FY3/21 Plan	FY3/21 Results	YoY change	YoY (%)	Vs. plan	% achieved
Net sales	12,220	11,360	11,641	-578	-4.7	+281	102.5
Education Services	12,073	11,249	11,541	-531	-4.4	+292	102.6
Real Estate Leasing	37	41	41	+4	+10.7	+0	100.1
Restaurant Operations	108	69	58	-50	-46.6	-11	83.9
Operating profit	272	-295	25	-247	-90.7	+321	-
Operating margin	2.2	-2.6	0.2	-2.0	-	+2.8	-
Ordinary profit	251	-291	48	-203	-80.8	+339	-
Ordinary margin	2.1	-2.6	0.4	-1.6	-	+3.0	-
Profit	33	-347	-106	-139	-	+241	-
Profit margin	0.3	-3.1	-0.9	-1.2	-	+2.1	-

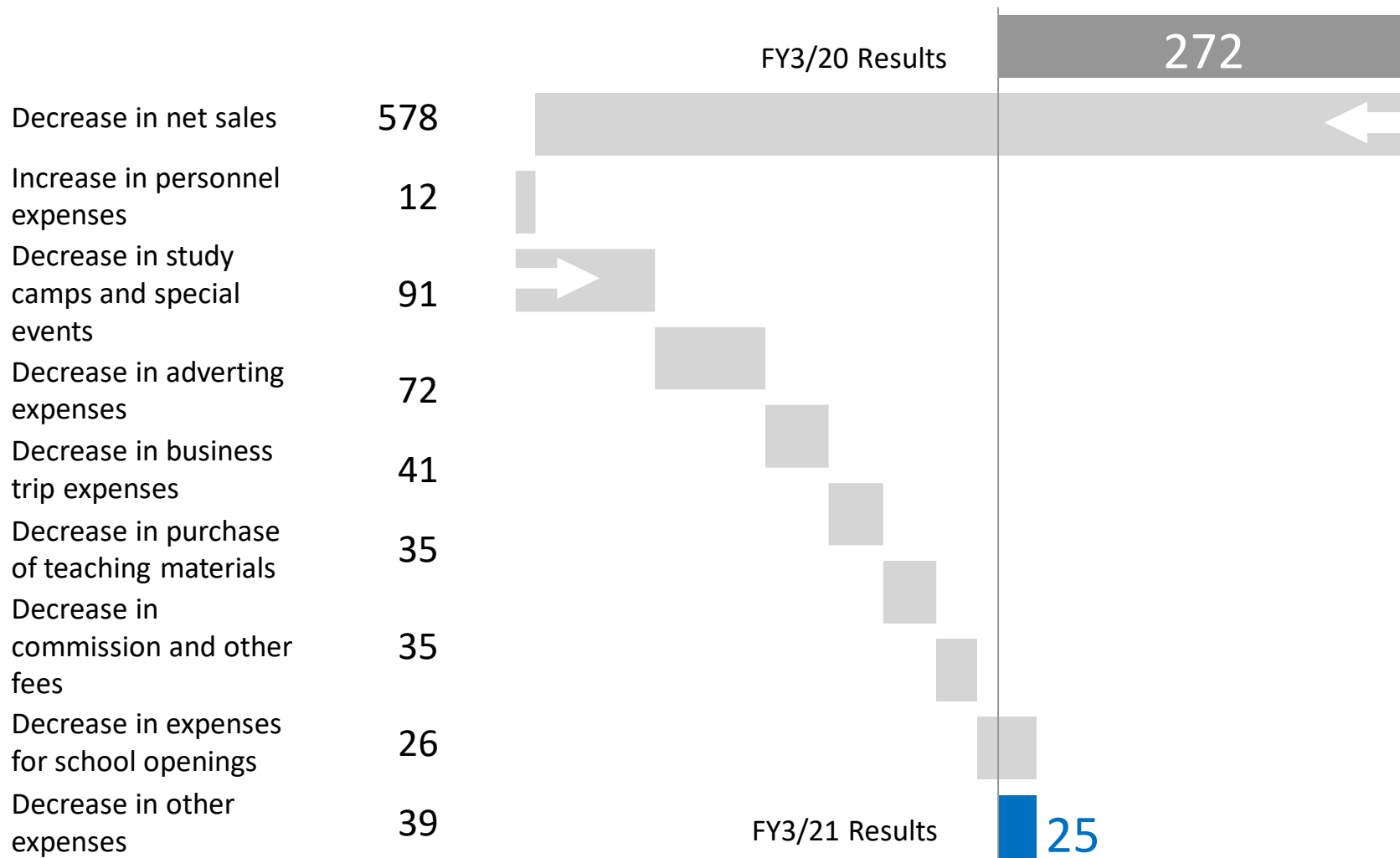
Business Segment Sales

(Millions of yen)



Change in Operating Profit/Loss

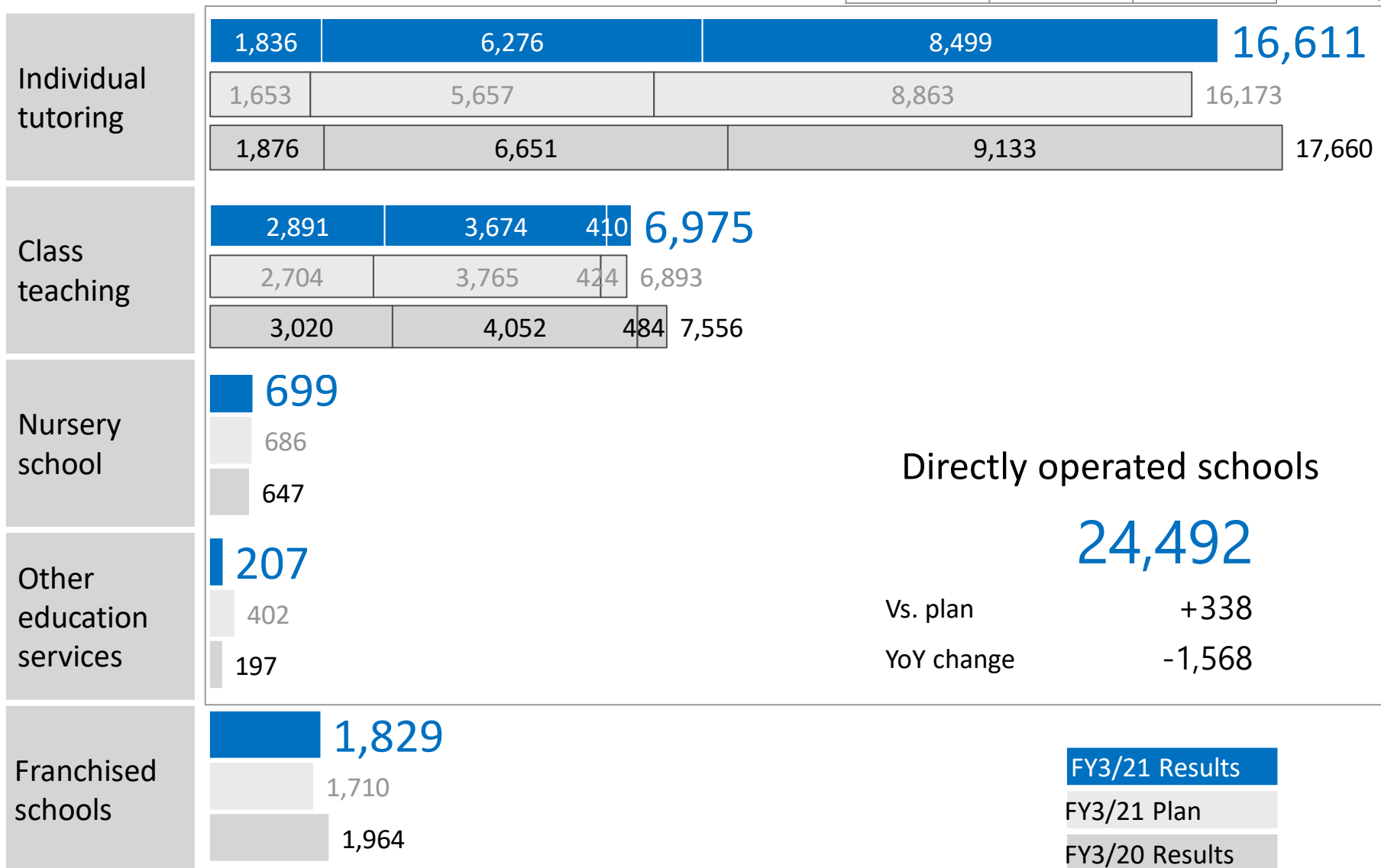
(Millions of yen)



Number of Students at SEIGAKUSHA Group Schools

(As of Nov. 30, 2020)

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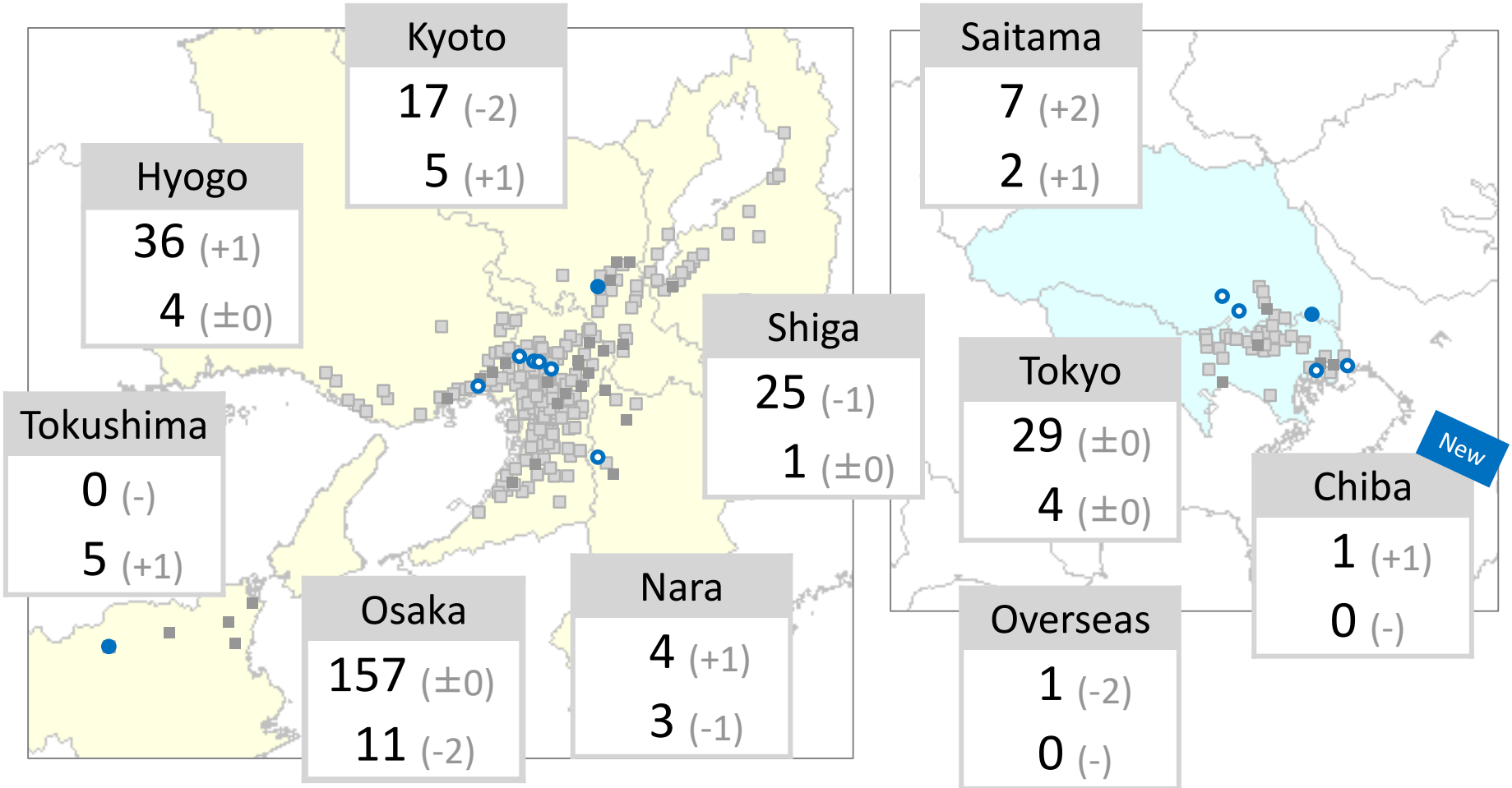
Number of Schools

Vs. end of FY3/20

Directly operated schools:	277	(±0)
Franchised schools:	35	(±0)

■ Existing schools
 ○ New schools (including schools converted from other formats)

■ Existing schools
 ● New schools (including schools converted from other formats)



Number of Directly Operated Schools

Individual tutoring

223

Opened	10
Closed	4

FreeStep Individual Tutoring Institute schools /
Yozemi Satellite Exam Preparation School
(Osaka)

Shojaku-ekimae ^{*1}, Momoyamadai ^{*1},
Minamisenri-ekimae ^{*2}

(Hyogo)

Uchide

(Nara)

Kashiba

(Tokyo)

Toyochō

(Saitama)

Fujimino, Shiki

(Chiba)

Gyotoku

Shinkenzei Individual Tutoring School

(Osaka)

Ishibashi

*1 Franchised schools converted to directly operated schools

*2 No operation of Yozemi Satellite Exam Preparation School

Class teaching

85

Opened	0
Closed	11

Nursery school

17

Opened	0
Closed	0

Other

4

Opened	0
Closed	3



Toyochō school (Koto-ku, Tokyo)



Fujimino school (Fujimi City, Saitama)



Shiki school (Niiza City, Saitama)

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)

	Mar. 31, 2021	Mar. 31, 2020	Change
Current assets	3,311	3,204	+106
Non-current assets	5,378	5,573	-195
Total assets	8,689	8,778	-88
Current liabilities	3,688	3,362	+325
Non-current liabilities	2,482	2,753	-271
Total liabilities	6,170	6,116	+53
Shareholders' equity	2,525	2,665	-139
Accumulated other comprehensive income	-6	-3	-2
Total net assets	2,519	2,661	-142
Total liabilities and net assets	8,689	8,778	-88

	FY3/21	FY3/20
Cash flows from operating activities	260	324
Cash flows from investing activities	-380	-292
Cash flows from financing activities	126	22
Effect of exchange rate change on cash and cash equivalents	-5	-5
Net increase (decrease) in cash and cash equivalents	0	48
Cash and cash equivalents at beginning of period	1,368	1,319
Cash and cash equivalents at end of period	1,368	1,368

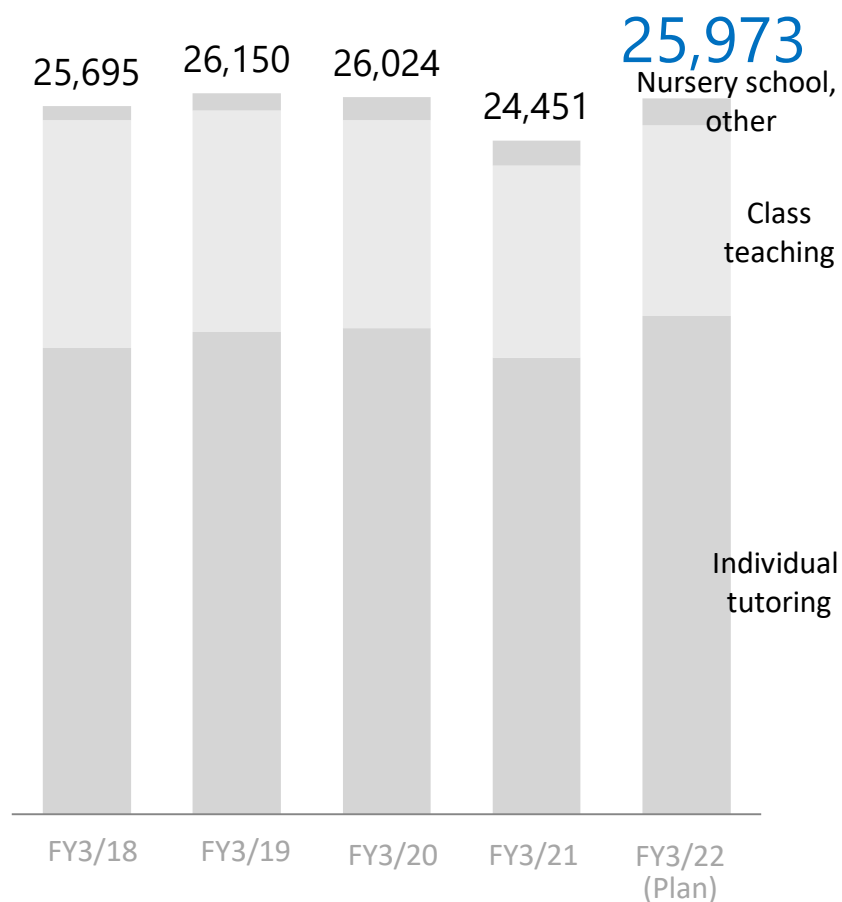
Earnings Forecasts

	1H				Full year			
	FY3/21 Results	FY3/22 Plan	YoY change	YoY (%)	FY3/21 Results	FY3/22 Plan	YoY change	YoY (%)
Net sales	5,202	5,723	+521	+10.0	11,641	12,403	+762	+6.5
Education Services	5,159	5,682	+523	+10.1	11,541	12,317	+775	+6.7
Individual tutoring	3,238	3,639	+400	+12.4	7,405	8,167	+762	+10.3
Class teaching	1,129	1,183	+54	+4.8	2,505	2,423	-81	-3.3
Nursery school	626	640	+14	+2.3	1,285	1,299	+14	+1.1
Other education services	164	219	+54	+32.9	346	426	+80	+23.3
Real Estate Leasing	20	17	-2	-13.5	41	35	-6	-15.6
Restaurant Operations	22	23	+0	+4.1	58	50	-7	-12.5
Operating profit	-372	-113	+258	-	25	360	+335	-
Operating margin	-7.2	-2.0	+5.2	-	0.2	2.9	+2.7	-
Ordinary profit	-374	-119	+255	-	48	345	+296	+613.9
Ordinary margin	-7.2	-2.1	+5.1	-	0.4	2.8	+2.4	-
Profit	-309	-123	+185	-	-106	157	+264	-
Profit margin	-5.9	-2.2	+3.8	-	-0.9	1.3	+2.2	-

Earnings Forecasts

Number of students at the Group's directly operated schools

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



Number of Schools at the end of FY3/22

Numbers in parentheses represent the number of schools as of March 31, 2021

Directly operated schools **285** (277)

Individual tutoring **236** (223)

Class teaching **78** (85)

Nursery school **17** (17)

Other education services **6** (4)

Franchised schools **42** (35)

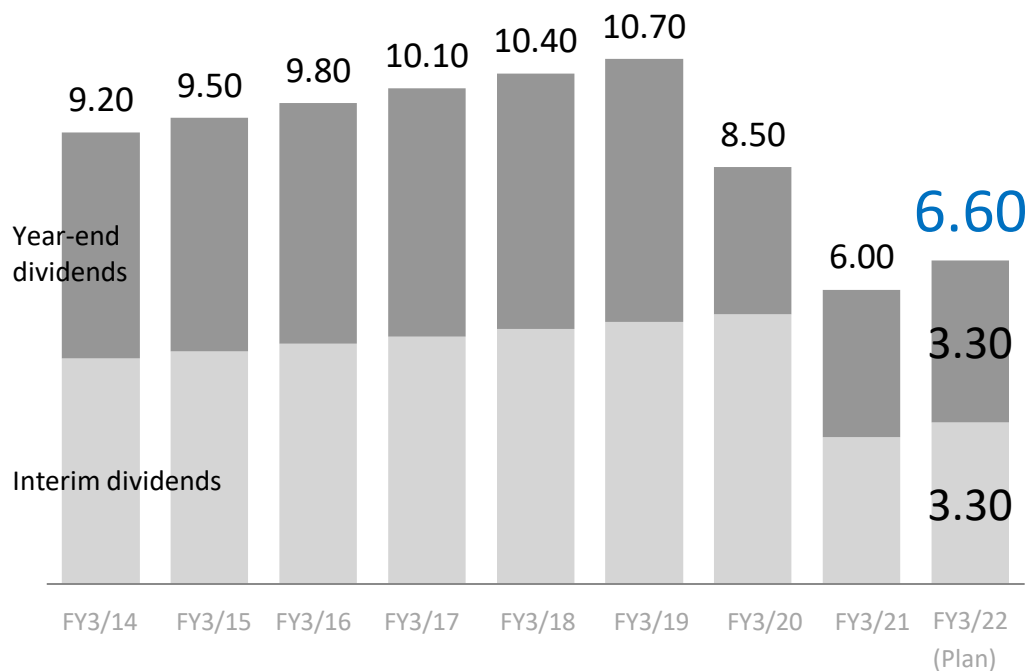
Note: The FreeStep at-school online individual tutoring service will no longer be categorized as a directly operated school beginning from FY3/22. The number of students in prior years has been adjusted for consistency with this change.

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

FreeStep's Strong Performance in the University Entrance Exam Sector

Large number of acceptances are proof of FreeStep's strengths



Number of FreeStep students who passed entrance exams

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
National/public universities	174	206	228	265	279
Tokyo Big Four	4	11	7	27	23
GMARCH	10	31	20	51	106
Kansai Big Four	791	758	745	922	1,179

University acceptances demonstrate the effectiveness of FreeStep alone

- Normally, individual tutoring is for low scored students, resulting in a low pct. of passed exams.
- Most entrance exam preparation companies disclose entrance exam passing rates for the total of class teaching and individual tutoring.

Instructors are university students who know FreeStep's distinctive strengths

- University student instructors who themselves used FreeStep have a thorough understanding of the FreeStep unique tutoring system and teaching materials.
- Hiring former exam prep students makes it easy to give students and their parents an understanding of the advantages of FreeStep.

FreeStep's Strong Performance in the University Entrance Exam Sector

Large number of acceptances are proof of FreeStep's strengths



大学受験に強い フリーステップ 独自の教育指導法と比べてください!

フリーステップの強みはここにある

国公立大 **226** 名 離間私立大 **1,288** 名

次に続くのはキミだ!

フリーステップの先輩達から笑顔とメッセージ

東京農工大学 東京理科大学 早稲田大学 早稲田大学
早稲田大学 東京理科大学 学習院大学 明治大学
明治大学 青山学院大学 青山学院大学 法政大学
法政大学 法政大学 法政大学 千葉県立常盤高等学校

A FreeStep advertisement that was distributed with newspapers in the Tokyo area on April 5 featured messages from former FreeStep students.

FreeStep's Strong Performance in the University Entrance Exam Sector

Large number of acceptances are proof of FreeStep's strengths



Tokyo University of Agriculture and Technology

Department of Electrical Engineering and Computer Science

Ryo Terashita

Fuji Senior High School
FREE STEP Nishiochiai School



Exam prep study gave me the strength to never give up

My FreeStep interview changed my view of entrance exams. We talked about my academic plan. We covered specific issues and I received advice, which made it clear what to do to accomplish my goal. Since then, I have been able to advance in line with my plan based on where I am now and my current goals. FreeStep taught me to work hard for my goals and gave me the strength to never give up during difficult times.

HOSEI University

Department of Law, Faculty of Law

■ Entrance exam A (Separate schedule: Feb. 16)

Riko Arai (Hoya school/Shakujii High School)

Yuta Yamada (Higashi-Murayama School/Kiyose High School)

Department of Politics, Faculty of Law

■ Entrance exam A (Separate schedule: Feb. 16)

Korin Sato (Shin-Kodaira School/Tachikawa High School)

Department of Global Politics, Faculty of Law

■ Entrance exam B (Three subjects)

Ikkei Minamitani (Kita-Senri Ekimae School/Mino-Jiyu Gakuen High School)

Korin Sato (Shin-Kodaira School/Tachikawa High School)

■ Entrance exam with schedule T (Unified schedule : Feb. 5)
Ikkei Minamitani (Kita-Senri Ekimae School/Mino-Jiyu Gakuen High School)

■ Entrance exam A (Separate schedule: Feb. 8)

Ikkei Minamitani (Kita-Senri Ekimae School/Mino-Jiyu Gakuen High School)

Korin Sato (Shin-Kodaira School/Tachikawa High School)

Department of History, Faculty of Letters

■ Entrance exam with schedule T (Unified schedule : Feb. 5)

Kasumi Kohama (Hoya School/Oizumi High School)

■ Entrance exam A (Separate schedule: Feb. 7)

Kasumi Kohama (Hoya School/Oizumi High School)

Department of Sustainability Studies, Faculty of Sustainability Studies

■ Entrance exam A (Separate schedule: Feb. 7)

One student passed the exam (Hibarigaoka School)

My Step Log – A Learning e-Portfolio



Use a smartphone to easily share information about lessons with parents and guardians

Today's class
Textbooks and pages to be used in the day's lessons



Attendance/ Homework
Information is sent within few minutes after a class ends



Comprehension of lessons
Level of comprehension of the day's lessons based on tests



The screenshot shows the 'My Step Log (詳細)' screen. It includes sections for:

- 学習内容 (Learning Content):** 1.2 通常
- 科目・単元・学習範囲 (Subjects/Units/Learning Range):** 中学英語 関係教材 (1) ~ (3)
- 配布物 (Distributions):** 保護者面談 冬期講習前テスト
- 課題 (Assignments):** Winpass (P.100 ~ P.105), 単語テスト (P.281 ~ P.330)
- 確認テスト (Confirmation Tests):** LAPテスト

 A red stamp is visible in the top right corner of the app screen.

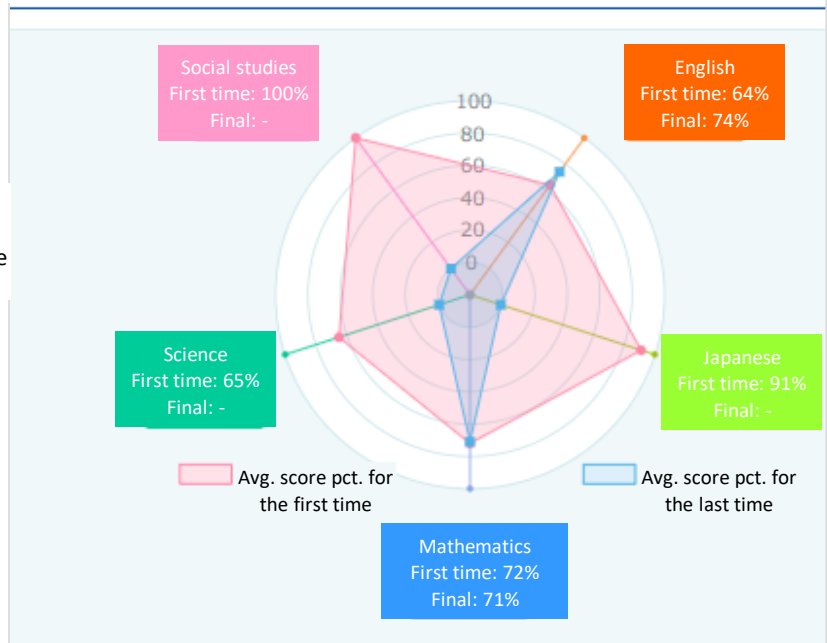
Class participation
Stamps are used for a student's attitude about lessons in order to increase motivation



Confirmation of homework
Students can reconfirm their homework assignments



Search Result



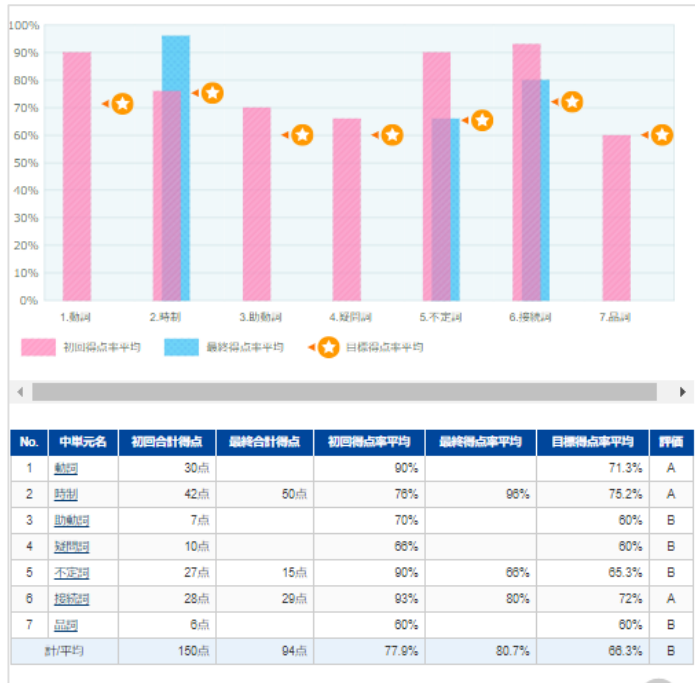
Scoring Stamps

The scoring stamps are:

- Excellent:** Score: 36
- Good:** Score: 2
- More study needed:** Score: 0

Digital Technologies for Lessons (1)

My Step Log – A Learning e-Portfolio



- Attendance

- Homework

- Lessons

- Comprehension/Attention

- Confirmation test results

- Predicted score for periodic test

- Countermeasures needed

- Record of repeated e-learning

New functions

Better communications

Better proposals

Better results of teaching

Lesson reports are sent immediately to strengthen communications with family members

Use of data allows creating lesson proposals and improves proposal skills

Use of accumulated data allows accurate analysis of a student's performance and determination of necessary actions, resulting in more effective teaching methods

Digital Technologies for Lessons (2)

Operation of the AI-based automated grade master system for grading written exam responses (SAITEN SHISHOU)



SAITEN SHISHOU is used for annual curriculums and is used for exam prep lessons starting in FY3/22

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
HS seniors (reading)		English		English	English				English			
HS juniors (syntax)			English	English	English	English			English			
HS freshmen (grammar)			English	English	English				English			
JHS 3rd year	Social studies							Science		Science		
JHS 2nd year	Social studies	Science	Science/ Social studies									
JHS 1st year	Science	Science/ Social studies				Social studies						

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.
- Self-assessments are difficult for students to do; also, written problems mean that teachers need more time to grade exams

SAITEN SHISHOU

A revolutionary AI-based system that automatically grades written responses to exam questions

Benefits of SAITEN SHISHOU

- Increases the number of times students can practice
- Low cost
- A high degree of accuracy and consistency
- Produces grades immediately

Digital Technologies for Lessons (2)

Operation of the AI-based automated grade master system for grading written exam responses (SAITEN SHISHOU)

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

開成教育アプリ
⊗

Test 1/1

Must be finished within a specific time

⌚ 47

Translate the following English into Japanese.

But for your speech, the decision would have been otherwise.

ここで入力して下さい

Evaluation

Standard answer:

The evaluation would have been different without your speech. (in Japanese)

Automatic scoring using AI evaluated your text based on the standard answer, using suitability, number of words, key words and other parameters.

An unsuitable number of words is treated as a mistake. A perfect match with the standard answer is not needed. Understand the question and accurately cover the key points.

The score of your answer: 100%

Other evaluations:
 Insufficient key words: None
 Number of words: 23
 Word count suitability: Not over or under

Your answer

Without your speech, the conclusion would probably have been different. (in Japanese)

Next >

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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