



Toshio Tada, President

TAC Co., Ltd. (4319)



Company Information

Exchange	TSE 1st Section
Industry	Service
President	Toshio Tada
HQ Address	Kanda-Misaki-cho 3-2-18, Chiyoda-ku, Tokyo
Year-end	March
Homepage	https://www.tac-school.co.jp/

Stock Information

Share Price	Number of shares issued (excluding treasury shares)	Total market cap	ROE(Act.)	Trading Unit	
¥197	18,503,932 shares	3,645 million	5.7%	100 shares	
DPS(Est.)	Dividend yield (Est.)	EPS(Est.)	PER(Est.)	BPS(Act.)	PBR(Act.)
¥5.00	2.5%	¥5.40	36.5 x	¥296.83	0.7 x

*The share price is the closing price on June 13. The number of shares issued was calculated by subtracting the treasury shares from the number of outstanding shares at the end of the latest quarter. ROE and BPS are the results of the previous term.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
March 2016	20,007	605	635	213	11.54	2.00
March 2017	20,440	713	692	490	26.49	4.00
March 2018	20,951	833	735	442	23.93	5.00
March 2019	20,474	340	409	309	16.74	8.00
March 2020 Est	20,430	320	322	100	5.40	5.00

* Forecast by the Company. These values are on an accrual basis. Net income is profit attributable to owners of parent (the same applies for net income hereinafter).

*(Unit: ¥mn)

We present this Bridge Report reviewing fiscal year March 2019 earnings results and other information about TAC.

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Key Points

- **The sales on a cash basis for the term ended March 2019 were 20,253 million yen, down 3.4% year on year. The sales on an accrual basis were 20,474 million yen, down 2.3% year on year. Sales declined for the first time in four terms due to the sluggish sales of the mainstay service of the company such as the Public Officer Courses. While the sales of the Personnel Education, Corporate Training, and Manpower Business decreased, the sales of the Publishing grew. As for the cost of sales, outsourcing expenses increased while personnel expenses decreased. Although SG&A expenses were unchanged from the previous term, operating profit on an accrual basis was 340 million yen, down 59.1% year on year.**
- **Sales on an accrual basis for the term ending March 2020 are expected to decline to 20,430 million yen, down 0.2% year on year. The sales of the Public Officer Courses are forecast to remain sluggish this term. Operating profit is expected to fall 6.1% year on year to 320 million yen. According to the company, the plan is based on the minimum profit margin that must be maintained. The dividend is to be 5.00 yen/share, down 3 yen/share from the previous term. The estimated payout ratio is 92.5%. Although the dividend is expected to decline due to decreases in sales and profit for the two consecutive terms, the company plans to enhance marketing and radically reform the cost structure, aiming for the bottom-out of sales and profit and recovering them.**
- **According to the company, the estimated figures for this term are based on the minimum profit margin that must be maintained although the business environment is harsh. Although the Publishing and Manpower Business are favorable, it is necessary to make the Personnel Education bottom out and recover for sales growth. TAC is expected to establish a business structure that can tolerate external environmental factors by drastically reforming its cost structure, utilizing the M&A strategies as it declared, etc..**

1. Company Overview

TAC Co., Ltd. is known as the "TAC, The Certification School" where university students and working people come to study to increase their chances of passing tests for various certifications and qualifications. The Company operates schools throughout Japan that educate students and adults in academic fields necessary to pass certification and Public Officer tests to become Certified Public Accountants, Licensed Tax Accountants, Real Estate Appraisers, Certified Social Insurance and Labor Consultant, Bar Examination, Judicial Scriveners and other professional occupations. In addition, TAC also provides various training programs for corporate clients and conducts publishing business as well.

BRIDGE REPORT


TAC Group (9 Consolidated Subsidiaries, 2 Equity Method Affiliated Company, 1 Non-Consolidated Subsidiary / not accounted for by Equity Method)

Company Type	Segment	Company Name	Business Description
Consolidated Subsidiaries	Personnel Education	TAC General Property Management Co., Ltd.	School classroom building contracts, maintenance work
		TAC INFORMATION TECHNOLOGY (Dalian)Co., Ltd.	Dalian operation center (Administrative task, instruction material monitoring check)
		Online School Co., Ltd.	Online instruction membership system over the Internet
	Corporate Training	LUAC., Ltd.	Insurance related corporate training
	Publishing	Waseda Management Publishing Co., Ltd.	“W Seminar” brand publishing business
		TAC Publishing Sales Co., Ltd.	Marketing advertising related to the publishing business
Manpower Business	TAC Profession Bank Co., Ltd	Human Resources introduction (headhunting), worker dispatch, job advertising business	
	Medical Office Staffing Kansai Co., Ltd.	Health insurance claims, medical-related staff dispatch business	
	Kubo Medical Office Support Co., Ltd.	Health insurance claim inspection, filing services	
Equity Method Affiliated Company		Professional Network Co., Ltd. Skyarch (Dalian) Co., Ltd.	Publishing of web magazines for professionals BPO outsourcing for Japanese corporations
Non-Consolidated Subsidiary / not accounted for by Equity Method		Technological and Commercial Modern Education (Dalian) Co., Ltd.	Corporate training for Japanese Bookkeeping, IT Specialist

*As of end of March 2019.

【1-1 Corporate History】

TAC was established in December 1980 as a school providing instruction to people seeking to obtain certifications and qualifications through examinations, including courses for the Certified Public Accountant, Bookkeeper, and Licensed Tax Accountant examinations. In October 2001, TAC listed its shares on the Over-The-Counter Market, and later moved its shares to the Second Section of the Tokyo Stock Exchange in January 2003 and then to the First Section in March 2004. TAC acquired KSS Co., Ltd. (formerly known as Waseda Management Publishing), which conducts certification and qualification acquisition support services including the provision of preparatory courses for Bar Examination, Judicial Scrivener, Patent Attorney, Level-1 Civil Service, Special Personnel of the MOFA, in September 2009. Through the addition of this company, TAC has been able to fortify its strengths in the accounting area by adding certification preparatory courses in the legal area, and to round out its service lineup with courses in the Public Officer area. In December 2013, the Company formed a collaborative agreement that included the sharing of capital with Zoshinkai Publishers Co., Ltd. for work in the development of a correspondence course education service for elementary, junior and senior high school students. Furthermore, other M&A activities were conducted in June 2014 to enter into the medical office area.

【1-2 Strengths】

(1) Detailed Response to Changes, Revisions in Examination System, Laws

Since the founding of the Company, TAC instructors have made revisions to the text materials used in its courses every year, and this ability to respond to changes and revisions in the examination and legal systems is a distinguishing feature and strength of TAC. For a company like TAC with sales approaching ¥20.0 billion, absorbing the costs of updating text materials on an annual basis is possible. However, new entrants and smaller players in the market have a much more difficult time absorbing the costs of updating teaching materials. Other strengths of TAC include its knowhow and efficiency accumulated over the history of its operations in providing the most updated information to the students of its courses.

(2) Full-Scale Lineup and Active Course Development

TAC has risen to become the top player in the industry through its active efforts to develop courses in new areas, including those targeting university students, and it has become the first company within its industry to list its shares. Along with the acquisition of W Seminar's certification and qualification acquisition support business in 2009, TAC has been able to fortify its weakness in the areas of legal and Public Officer related courses. Consequently, the Company now boasts of a strong business model comprised of the three main cornerstones of accounting (Certified Public Accountant, Licensed Tax Accountant and Bookkeeper), legal, and Public Officer related certification and qualification acquisition support courses.

(3) Providing Innovative Services with a Focus upon Students

Innovative services are yet another strength of TAC. TAC was the first school in the certification and qualification acquisition support services market to introduce educational media and enable students to choose which instructor they would like to study under. This corporate focus upon satisfying the needs of students is reflected in the quality of the text materials offered and has contributed to the establishment of a strong brand reputation as "TAC, The Certification School."

【1-3 ROE Analysis】

	FY 3/2013	FY 3/2014	FY 3/2015	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019
ROE (%)	35.5	21.9	4.9	4.8	10.3	8.6	5.7
Net profit Margin (%)	4.66	3.98	1.06	1.07	2.40	2.11	1.51
Asset Turnover	1.17	1.16	0.98	0.93	0.94	0.96	0.95
Leverage	6.59	4.79	4.68	4.81	4.60	4.27	4.00

For the first time in three terms, return on equity (ROE) fell below 8%, which is generally said to be the value Japanese companies should aim for, because of the decrease in the ratio of net income. The company estimated that net profit Margin in this term will be 0.5% and REO will decline to 1.8%.

2. Fiscal Year March 2019 Earnings Results

Regarding Sales

Students applying for courses are required to pay tuitions at the time of their initial application (TAC calls these fees tuition advance pre-adjustment sales or sales on a cash basis), which are then booked on the balance sheet as a liability under the title "tuition advance." These tuition advances are then written down and booked as sales in the month that educational services were provided to the student (TAC calls these fees tuition advance pre-adjustment sales or sales on an accrual basis). While sales booked on the income statement are "sales on an accrual basis (tuition advance pre-adjustment sales)", the actual indicator of the sales conditions of the Company in the term are considered to be the "sales on a cash basis (tuition advance pre-adjustment sales)" (The fact that cash and equivalents are influenced strongly by the sales on a cash income is a characteristic that is shared with companies that take orders) and they are deemed to be a leading indicator for actual sales. Therefore, TAC management identifies this "sales on a cash basis (tuition advance pre-adjustment sales)" as a key management indicator.

Regarding Seasonal Characteristics

Examinations for the majority of certification courses are held from the second (July to September) to third quarters (October to December), and core courses, especially those for Certified Public Accountants and Licensed Tax Accountants, fall into the time frame for examinations in the following year. At the same time, all courses fall into the fourth (January to March) and first quarters (April to June).

Despite an increase in sales on a cash basis and Account receivable-trade sales during the second and third quarters, tuition advances are written down and booked depending upon enrollment period and gross margin is profoundly influenced because of the booking of a fixed level of expenses every month. In the fourth and first quarters, these tuition advances are then written down and booked as sales in each month, causing gross margin to increase.

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**(1) Consolidated Earnings**

	FY 3/18	Share	FY 3/19	Share	YY Change
Sales on a cash basis	20,967	100.1%	20,253	98.9%	-3.4%
Sales on an accrual basis	20,951	100.0%	20,474	100.0%	-2.3%
Gross profit	8,558	40.8%	8,006	39.1%	-6.5%
SG&A	7,724	36.9%	7,665	37.4%	-0.8%
Operating profit	833	4.0%	340	1.7%	-59.1%
Ordinary profit	735	3.5%	409	2.0%	-44.3%
Net profit	442	2.1%	309	1.5%	-30.0%

*Units: ¥mn. Net profit is profit attributable to owners of parent (the same applies for net income hereinafter).

Sales and profit declined

The sales on a cash basis were 20,253 million yen, down 3.4% year on year. The sales on an accrual basis were 20,474 million yen, down 2.3% year on year. Sales declined for the first time in the past four terms due to the sluggish sales of the mainstay service of the company such as the Public Officer Courses. The sales of the Personnel Education, Corporate Training, and Manpower Business decreased whereas the sales of the Publishing grew. As for the cost of sales, outsourcing expenses increased while personnel expenses decreased.

Although SG&A expenses were unchanged from the previous term, operating profit on a cash basis was 118 million yen, down 86.0% year on year. Operating profit on an accrual basis was 340 million yen, down 59.1% year on year.

(2) Business Segment Trends**Sales on a cash basis by Business Segment**

	FY 3/18	Share	FY 3/19	Share	YY Change
Personnel Education	12,536	59.8%	11,794	58.2%	-5.9%
Corporate Training	4,318	20.6%	4,256	21.0%	-1.4%
Publishing	3,416	16.3%	3,562	17.6%	+4.3%
Manpower Business	754	3.6%	705	3.5%	-6.6%
Companywide Eliminations	-58	-	-64	-	-
Consolidated Sales	20,967	100.0%	20,253	100.0%	-3.4%

*Units: ¥mn

Operating profit on a cash basis by Business Segment

	FY 3/18	Share	FY 3/19	Share	YY Change
Personnel Education	162	1.3%	-545	-	-
Corporate Training	1,135	26.3%	988	23.2%	-12.9%
Publishing	596	17.5%	686	19.3%	+15.1%
Manpower Business	104	13.8%	105	15.0%	+0.9%
Companywide Eliminations	-1,149	-	-1,116	-	-
Consolidated Operating profit	849	4.1%	118	0.6%	-86.0%

*Units: ¥mn

【Personnel Education】

Sales and profit declined (Operating loss)

Sales increased	Courses for Real Estate Appraiser, Architects and Building Engineer, Certified Social Insurance Labor Consultant, Administrative scrivener and Teacher's Employment Exam etc.
Sales decreased	Courses for Bookkeeping, Licensed Tax Accountants, Government Officials in the Regular Service and Local Government course, etc.

The sales of the company's mainstay service, the Public Officer Courses, have continued declining due to the favorable situation of private employment.

【Corporate Training Business】

Sales and profit declined

Sales increased	Content Provision In-university seminars
Sales decreased	Training programs consigned for local governments, affiliated schools, and corporates

Operating expenses, including instruction fees and personnel expenses for marketing, augmented 2.7% year on year.

【Publishing Business】

Higher Sales, Higher Profits

- Books for the preparation for qualification test for Real Estate Notary, Financial Planner, Condominium Management Consultant, Administrative Scrivener, etc.
- Books related to Licensed Electrical Engineer-class 3, which is the company's new course, contributed to sales.
- Travel books, and picture books for children contributed to sales.
- In addition to law-related books such as Bar Examination and Judicial Scrivener, the new publication of books for preparing for the exams for Certified Social Insurance and Labor Consultant contributed to sales.

Operating expenses increased by 2.0% year on year. Although outsourcing expenses including personnel expenses and production expenses for the renewal of travel books increased, sales promotion expenses were curtailed.

【Manpower Business】

Higher Sales, Higher Profits

As for accounting-related Manpower Business, sales from personnel introduction grew from last year due to its greatly increased demand in audit corporations, tax accountant corporations, and private enterprises.

Sales from advertisement decreased as the effectiveness of job advertisement for securing human resources has begun to fade.

Sales from temporary staffing shrunk due to the impact of the amendment of the Worker Dispatch Law.

As for medical human resources services, sales increased as Medical Office Staffing Kansai Co., Ltd. received orders for a large-scale project. However, overall costs centered on personnel expenses are rising, putting the business in a difficult situation.

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**(3) Trend by Certification Category****Sales on an accrual basis by Certification Category**

	FY 3/18	Share	FY 3/19	Share	YY Change
Finance, Accounting	3,747	17.9%	3,764	18.4%	+0.5%
Management, Taxation	3,672	17.5%	3,472	17.0%	-5.4%
Financial Service, Real Estate	3,967	18.9%	4,141	20.2%	+4.4%
Law	1,592	7.6%	1,492	7.3%	-6.3%
Public Officer, Labor	5,308	25.3%	4,927	24.1%	-7.2%
IT, International	1,432	6.8%	1,440	7.0%	+0.6%
Medical, Welfare	295	1.4%	299	1.4%	+1.4%
Others	934	4.5%	937	4.6%	+0.3%
Consolidated Sales	20,951	100.0%	20,474	100.0%	-2.3%

*Units: ¥mn

Student Numbers

	Students	Share	YY Change
Finance, Accounting	34,273	15.9%	+1.4%
Management, Taxation	25,317	11.7%	-6.1%
Financial Service, Real Estate	55,884	25.9%	+3.8%
Law	12,436	5.8%	-7.8%
Public Officer, Labor	57,358	26.6%	-7.6%
IT, International Medical, Welfare, Others	30,301	14.1%	+2.9%
Total	215,569	100.0%	-1.8%

*Units: ¥mn

【Market Overview】

The number of official test applicants of the various curricula taught by TAC in 2018 declined from the previous year 2.6 million to 2.548 million. It dropped two year straight.

Sales increased	Finance, Accounting, Financial Service, Real Estate Area, Medical, IT, International Business, Welfare Area
Sales decreased	Management, Taxation Area, Law Area, Public Officer Labor Area

(Financial Service, Real Estate Area)

Sales from Architect and Building Engineers, Real Estate Notary, and Financial Planner were healthy.

(Medical, Welfare Area)

Medical Office Staffing Kansai Co., Ltd. received orders for a large-scale project.

(Management, Taxation)

As for Licensed Tax Accountant, although the overall number of examinees indicates a steeper decline, the number of students applying for the courses decreased as well. Additionally, Small and Medium Enterprise Management Consultant did not see growth either.

(Law)

Sales from Judicial Scrivener were sluggish as the overall number of students has been decreasing.

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(Public Officer, Labor)

The sales from the Government Officials course (Regular Service and Local Government course) decreased, as the employment conditions in the private sector were good.

(4) Student Number Trends

	FY 3/18	Share	FY 3/19	Share	YY Change
Individual	136,324	62.1%	131,119	60.8%	-3.8%
Corporate	83,254	37.9%	84,450	39.2%	+1.4%
Total	219,578	100.0%	215,569	100.0%	-1.8%

*Units: Persons

Business Trends by Curriculum Category (Combined Total for both Personal and Corporate Instruction)

<Increases>

The Architect and Building Engineer Courses, Financial Planner Courses, CompTIA, Courses for Bookkeeping

<Declines>

Licensed Tax Accountant, Small and Medium Enterprise Management Consultant, Judicial Scrivener, the Government Officials course (Regular Service and Local Government course), etc.

The number of corporate students in online training was unchanged from last year while that in in-university seminars and affiliated schools decreased. Consigned training programs increased.

(5) Financial Conditions

◎Main Balance Sheet Items

	March 2018	March 2019		March 2018	March 2019
Cash, Equivalents	4,973	5,195	Payables	473	524
Receivables	3,781	3,871	Returns, Disposal Loss Reserves	756	820
Inventories	693	784	Tuition advance	6,284	6,044
Current Assets	11,102	10,901	Asset Retirement Obligation	632	637
Tangible Fixed Assets	4,604	4,508	Interest Bearing Liabilities	6,466	6,377
Intangible Fixed Assets	351	331	Liabilities	16,326	15,987
Investments, Others	5,559	5,744	Net Assets	5,291	5,498
Fixed Assets	10,515	10,584	Total Liabilities, Net Assets	21,618	21,486

*Units: ¥mn

Current assets declined 201 million yen from the end of the previous term due to the decrease in securities. Fixed assets remain unchanged.

Total liabilities were 15,987 million yen, down 338 million yen from the end of the previous term, due to the decline in tuition advances and debts.

Net assets were 5,498 million yen, up 206 million yen from the end of the previous term, due to the increase in retained earnings, etc.

As a result, capital adequacy ratio rose 1.1% from the end of the previous term to 25.6%.

◎Cash flow statement

	FY 3/18	FY 3/19	YoY
Operating Cash Flow	534	93	-440
Investing Cash Flow	-960	372	+1,333
Free Cash Flow	-426	466	+893
Financing Cash Flow	-1,209	-242	+966
Cash, Equivalents at the end of term	4,943	5,165	+222

Operating CF shrank due to the decrease in net profit before taxes.

Investing CF and free CF grew and became positive due to gains on sale of securities.

The cash position improved.

3. Fiscal Year March 2020 Earnings Estimates

(1) Consolidated Earnings

	FY 3/19 Act.	Share	FY 3/20 Est.	Share	YY Change
Sales on a cash basis	20,253	98.9%	20,430	100.0%	+0.9%
Sales on an accrual basis	20,474	100.0%	20,430	100.0%	-0.2%
Gross profit	8,006	39.1%	7,950	38.9%	-0.7%
SG&A	7,665	37.4%	7,630	37.3%	-0.5%
Operating profit	340	1.7%	320	1.6%	-6.1%
Ordinary profit	409	2.0%	322	1.6%	-21.4%
Net profit	309	1.5%	100	0.5%	-67.7%

*Units: ¥mn. Estimates are those of the company.

Sales estimated to remain unchanged from the previous year and profits estimated to decline.

Sales on an accrual basis are expected to be 20,430 million yen, down 0.2% year on year. The sales of the Government Officials Courses are forecast to remain sluggish this term as well.

Operating profit is expected to drop to 320 million yen, down 6.1% year on year.

The dividend is to be 5.00 yen/share, down 3 yen/share from the previous term. The estimated payout ratio is 92.5%.

(2) Approaches after this term

Although the dividend is forecast to decline due to decreases in sales and profit for the two consecutive terms, the company aims for bottoming out of its sales and profit and to recover them with the following approaches in the aspect of business and cost.

1. Approaches in each segment

(Personnel Education)

As for the Government Officials, the company plans to minimize the decrease in the number of students and prepare for economic recession as the recruitment status in private enterprises for new graduates is projected to be healthy for the time being.

In addition, as the number of students for both Licensed Tax Accountant and Judicial Scrivener Courses has been decreasing for the 8 consecutive years, there is an urgent need to minimize the decrease.

On the other hand, the number of students in Certified Public Accountant Courses tends to increase since the employment status in audit corporations for exam-qualified students is healthy. The company plans to actively capitalize on the fact that it has the lion's share in the number of students passing exams and to steadily capture demand.

In either case, the company will carry out strategies for each course that appropriately respond to external environmental factors and meet the needs of the market (students).

(Corporate Training)

The company plans to reinforce sales capabilities by increasing personnel for marketing.

TAC School Mito (affiliated school) is scheduled to open in September 2019 and to offer courses for Government Officials, Licensed Tax Accountant, Certified Social Insurance and Labor Consultant, Real Estate Notary, etc.

(Publishing)

The overseas version of the popular "Otona Tabi Premium Series" is scheduled to be published sequentially from October 2019.

A total of 15 titles are to cover Honolulu, Guam, Taipei, Paris, Italy, Singapore, Hong Kong, Vietnam, New York, Seoul, etc.

(Manpower Business)

In response to the booming demand in the career-change market for Certified Public Accountants and USCPA, the company plans to enhance personnel introduction business of Certified Public Accountants and USCPA.

The company will focus on attracting job seekers as well as improving the quality of consultants.

2. Drastic reform of the cost structure

Operating costs composed of cost and SG&A expenses increased to 20.1 billion yen while the sales on an accrual basis for the previous term was 20.4 billion yen. The company acknowledges that it needs to review the costs drastically and take action.

◎Advertisement cost

The company plans to make paperless brochures and shift its advertising media to the Internet as paper costs are projected to increase and advertising media are shifting to the Internet.

◎Outsourcing expenses

The impact of increasing paper cost is significant here as well. Meanwhile, the company plans to release electronic teaching materials as the demand for them is increasing.

◎Rent expenses

Although the company currently has 22 sites, the daytime operating rates in many sites are declining. In addition, the learning style has been changing; an increasing number of students uses the Internet and downloads content instead of going to a classroom.

Under these circumstances, the company plans to make decisions on reducing and relocating sites quickly based on their operation rates, as well as installing equipment that meets the needs of students.

◎Personnel expenses

In the office, securing human resources is becoming more difficult, and the increase in the minimum hourly wage has become an issue. In addition, it has also been difficult to secure instructors, and demand for instructors is growing due to the increase in the field of study for each examination subject and expertise therein.

The company plans to further improve work efficiency with utilization of IT etc., while maintaining around 500 employees as a whole. In order to enhance sales, the company also plans to reshuffle the personnel.

4. Conclusions

According to the company, the estimated figures for this term are based on the minimum profit margin that must be maintained although the business environment is harsh. Although the Publishing and Manpower Business are favorable, it is necessary to make the Personnel Education bottom out and recover for sales growth. TAC is expected to establish a business structure that can tolerate external environmental factors by drastically reforming its cost structure, utilizing the M&A strategies as it declared, etc..

<Reference: Regarding Corporate Governance>

◎Operating type, and the composition of directors and auditors

Operating type	Company with company auditors
Directors	8 directors, including 2 external ones
Auditors	3 auditors, including 2 external ones

◎Corporate Governance Report

Updated on December 21, 2018

<Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
Supplementary principle 1-2 (4)	The great majority of our shareholders consist of individual Japanese shareholders, and the respective ratios of institutional and overseas investors are limited. At the present moment, therefore, our company does not use any electronic voting platforms, etc. or translate notices of convocation of shareholders' meetings into English; however, we will consider working on them if the ratio of institutional or overseas investors increases in the future.
Principle 1-4	At present, our company does not have any listed shares that are possessed strategically (hereinafter referred to as "strategically held shares"), and thus, we do not develop any criteria for properly coping with the exercise of voting rights pertaining to strategically held shares. In the future, however, if we have to possess listed shares as strategically held shares, considering the intent of the corporate governance code, we will take appropriate action on disclosure of the policy on strategic shareholding, explanation about strategically held shares at meetings of shareholders, and the exercise of voting rights relating to strategically held shares.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
【Principle 5-1 Policy on constructive communication with shareholders】	Our company has established a department devoted to dealing with inquiries from investors including shareholders (IR Office). We appropriately handle each and every inquiry, except for any information that is deemed to be highly likely to go against the regulations for insider trading.

This report is intended solely for information purposes, and is not intended as a solicitation to invest in the shares of this company. The information and opinions contained within this report are based on data made publicly available by the Company, and comes from sources that we judge to be reliable. However, we cannot guarantee the accuracy or completeness of the data. This report is not a guarantee of the accuracy, completeness or validity of said information and or opinions, nor do we bear any responsibility for the same. All rights pertaining to this report belong to Investment Bridge Co., Ltd., which may change the contents thereof at any time without prior notice. All investment decisions are the responsibility of the individual and should be made only after proper consideration.

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