



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	<a href="https://www.tac-school.co.jp/">https://www.tac-school.co.jp/</a>

## Stock Information

Share Price	Number of shares issued (excluding treasury shares)	Total market cap	ROE(Act.)	Trading Unit	
¥246	18,504,000 shares	¥4,551 million	7.2%	100 shares	
DPS(Est.)	Dividend yield (Est.)	EPS(Est.)	PER(Est.)	BPS(Act.)	PBR(Act.)
¥6.00	2.4%	¥20.54	12.0 x	¥313.88	0.8 x

\*The share price is the closing price on May 21st. Each number was taken from the brief report for the fiscal year ended March 2021.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
March 2018 Act	20,951	833	735	442	23.93	5.00
March 2019 Act	20,474	340	409	309	16.74	8.00
March 2020 Act	20,331	162	260	103	5.58	5.00
March 2021 Act	19,749	404	646	405	21.92	5.00
March 2022 Est	20,500	600	578	380	20.54	6.00

\*Unit: ¥mn. 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).

We present this Bridge Report reviewing fiscal year ended March 2021 earnings results and other information about TAC.

## Index

### [Key Points](#)

#### [1. Company Overview](#)

#### [2. Fiscal Year ended March 2021 Earnings Results](#)

#### [3. Fiscal Year ending March 2022 Earnings Estimates](#)

#### [4. Conclusions](#)

[<Reference: Regarding Corporate Governance>](#)

## Key Points

- Sales decreased while profit rose year on year respectively in the term ended March 2021. Sales on a cash basis stood at 19,816 million yen, down 2.9% year on year partly because, in the wake of the spread of the novel coronavirus, the number of people signing up for the company's classes dwindled, and some training programs and seminars were cancelled or scaled down. All the company's business segments except Publishing fell into sales decline. Sales on an accrual basis shrank 2.9% year on year to 19,749 million yen. Cost of sales decreased 4.1% year on year and SG&A fell 3.5% only, resulting in an operating profit of 404 million yen on an accrual basis, up 149.5% year on year. Such non-operating profits as income from subsidies of 166 million yen, deposits on contract of 74 million yen, and gain on investments in securities of 18 million yen contributed to an increase of ordinary profit by 147.9% year on year to 646 million yen. The company did not post any gain or loss for several account titles this fiscal year, such as special merit bonuses which were recorded at 155 million yen under extraordinary loss in the year before, and net profit went up 292.7% year on year to 405 million yen.
- While both sales and operating profit are expected to grow in the term ending March 2022, the company projects that ordinary profit and net profit will shrink because there will be no temporary factor associated with non-operating profit or loss. Sales on a cash basis, sales on an accrual basis, and operating profit are forecasted to rise 4.2% year on year to 20,650 million yen, 3.8% year on year to 20,500 million yen, and 48.3% year on year to 600 million yen, respectively. The company plans to increase sales by generating sales through new channels and breaking fresh ground into a new business field, and boost profit significantly through policies, such as appropriate control of rent. It, however, forecasts that ordinary profit and net profit will drop because it is expected to record no income from subsidies as in the previous fiscal year. A dividend is to be 6.00 yen/share, up 1.00 yen/share year on year. The dividend payout ratio will be 29.2%.
- Regarding the impact of the novel coronavirus pandemic, the vaccines need time to take effect as vaccination has just begun. Meanwhile, there is mounting concern about outbreaks of variants of the virus that are considered to be more infectious than the original virus, such as the so-called Indian variant. The company revised its business forecasts for the term ended March 2021 downward on May 11, 2021 in light of the novel coronavirus crisis. Thus we should continue paying attention to the novel coronavirus-related trends.
- The company intends to make the following efforts starting in the term ending March 2022: (1) appropriate control of the rent of the school buildings, which is aimed at cutting the rent of the school buildings (fixed cost) by reducing the floor space of the TAC-owned schools because an escalating number of people now take classes online; and (2) entering into the business field of government-approved textbooks for business courses of high schools, which is to branch out into the authorized textbook field by taking advantage of TAC's years of experience and knowhow in accounting education. Both efforts are promising approaches that will contribute to generating revenue even in a post-pandemic world.

## 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, Certified Public Tax Accountants, Real Estate Appraisers, Labor and Social Security Attorney, 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.

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

Company Type	Segment	Company Name	Business Description	
Consolidated Subsidiaries	Personal Education	TAC General Property Management Co., Ltd. TAC INFORMATION TECHNOLOGY (Dalian)Co., Ltd. Online School Co., Ltd.	School classroom building contracts, maintenance work Dalian operation center (Administrative task, instruction material monitoring check) Online instruction membership system over the Internet	
		Corporate Training	LUAC., Ltd.	Insurance related corporate training
		Publishing	Waseda Management Publishing Co., Ltd. TAC Publishing Sales Co., Ltd.	“W Seminar” brand publishing business 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.	Publishing of web magazines for professionals	
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 the end of October 2021.

### 【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, Bookkeeping, and Certified Public 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 (Government officials in the Main Career Track), 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 billing area.

\*MOFA: Ministry of Foreign Affairs of Japan

### 【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, Certified Public Tax Accountant and Bookkeeping), 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 3/2015	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021
<b>ROE(%)</b>	<b>4.9</b>	<b>4.8</b>	<b>10.3</b>	<b>8.6</b>	<b>5.7</b>	<b>1.9</b>	<b>7.2</b>
Net profit Margin (%)	1.06	1.07	2.40	2.11	1.51	0.51	2.05
Asset Turnover	0.98	0.93	0.94	0.96	0.95	0.97	0.97
Leverage	4.68	4.81	4.60	4.27	4.00	3.81	3.60

Return on Equity (ROE) improved for the first time in four fiscal years thanks to the significant profitability increase. The company forecasts that net profit margin will fall to 1.9% because there will be no transient factor, reducing ROE to 6.4% this fiscal year.

## 2. Fiscal Year ended March 2021 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 post-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

The company’s quarterly trends are as follows. Sales on a cash basis (tuition advance pre-adjustment sales) refers to sales after aggregating tuitions, and sales on an accrual basis (tuition advance post-adjustment sales) refers to sales after allocating tuitions to the period in which the company provides education services.

Examinations for the company’s main certification courses, such as Certified Public Accountants and Certified Public Tax Accountant, are held from spring to fall (Q1 to Q3), and applications for courses for mainly university students, such as public officer courses, are concentrated in the spring and summer (Q1 to Q2). Therefore, applications (sales on a cash basis) in the fourth quarter tend to be less than in other quarters.

On the other hand, operating expenses, such as rent, instructor fees, and advertising expenses, are booked in a fixed amount each month, so there is no quarterly bias.

### (1) Consolidated Earnings

	FY 3/20	Share	FY 3/21	Share	YoY Change
Sales on a cash basis	20,398	100.3%	19,816	100.3%	-2.9%
Sales on an accrual basis	20,331	100.0%	19,749	100.0%	-2.9%
Gross profit	7,750	38.1%	7,725	39.1%	-0.3%
SG&A	7,588	37.3%	7,320	37.1%	-3.5%
Operating profit	162	0.8%	404	2.0%	+149.5%
Ordinary profit	260	1.3%	646	3.3%	+147.9%
Quarterly net profit	103	0.5%	405	2.1%	+292.7%

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

### Sales were down, but profit was up.

Sales on a cash basis stood at 19,816 million yen, down 2.9% year on year partly because, in the wake of the spread of the novel coronavirus, the number of people signing up for the company’s classes dwindled, and some training programs and seminars were cancelled or scaled down. All the company’s business segments except Publishing fell into sales decline. Sales on an accrual basis shrank 2.9% year on year to 19,749 million yen. Cost of sales decreased 4.1% year on year and SG&A fell 3.5% only, resulting in an operating profit of 404 million yen on an accrual basis, up 149.5% year on year. Such non-operating profits as income from subsidies of 166 million yen, deposits on contract of 74 million yen, and gain on investments in securities of 18 million yen contributed to an increase of ordinary profit by 147.9% year on year to 646 million yen. The company did not post any gain or loss for several account titles this fiscal year, such as special merit bonuses which were recorded at 155 million yen under extraordinary loss in the year before, and net profit went up 292.7% year on year to 405 million yen.

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

	FY 3/20	Share	FY 3/21	Share	YoY Change
Personal Education	11,778	57.7%	11,273	56.9%	-4.3%
Corporate Training	4,423	21.7%	4,113	20.8%	-7.0%
Publishing	3,678	18.0%	4,000	20.2%	+8.8%
Manpower Business	585	2.9%	480	2.4%	-18.0%
Companywide Eliminations	-66	-	-51	-	-
Consolidated Sales	20,398	100.0%	19,816	100.0%	-2.9%

\*Units: ¥mn

**Operating profit on a cash basis by Business Segment**

	FY 3/20	Share	FY 3/21	Share	YoY Change
Personal Education	-520	-	-565	-	-
Corporate Training	1,061	24.0%	1,011	24.6%	-4.7%
Publishing	730	19.9%	1,139	28.5%	+56.0%
Manpower Business	93	16.0%	35	7.4%	-62.2%
Companywide Eliminations	-1,136	-	-1,151	-	-
Consolidated Operating profit	229	1.1%	470	2.4%	+105.3%

\*Units: ¥mn

**【Personal Education】**

Sales declined and it was in the red.

Sales decreased.	Bookkeeping, Certified Public Tax Accountant, S&M Enterprise Mgt. Consultants, Labor and Social Security Attorney, etc.
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Following the announcement of a state of emergency in April in the wake of the spread of the novel coronavirus, the company shortened its office hours and cancelled live classes, which, coupled with postponement and cancellation of some examinations for certifications and qualifications, significantly decreased the number of people signing up for the company's classes; however, after the second quarter, people who had planned to sign up in early spring started signing up for TAC's classes gradually and students signing up for its online classes also grew in number. Consequently, annual sales on a cash basis fell below those of the previous year because the amount equivalent to the sales decline recorded in the first quarter was not offset. A steady number of people signed up for both the beginner course and the advanced course on Certified Public Accountant, which is one of TAC's mainstay courses, while sales from the courses in Real Estate Appraiser, Architects and Building Engineers, Government Officials in the Main Career Track (MCT) and Special Personnel of the Ministry of Foreign Affairs of Japan (MOFA), and electrical engineer-related courses, such as Licensed Electrical Engineer-class3, exceeded those in the previous fiscal year. Sales from another key course, Government officials (Senior Officials of Local Governments and Government Officials in the Regular Service), outstripped those in the year before eventually because the heightened sense of uncertainty about future employment of new graduates due to rapidly exacerbating performance of companies encouraged more people to sign up for the course after the third quarter. Meanwhile, sales from such courses as Bookkeeping, Certified Public Tax Accountant, Small & Medium (S&M) Enterprise Management Consultant, Real Estate Transaction Agent, Labor and Social Security Attorney, and Judicial Scrivener came below those in the last year. Operating costs, including instructor fees, fees for outsourcing production of teaching materials, and rent, stood at 11,838 million yen (down 3.7% from the same period of the year before).

### 【Corporate Training】

Sales and profit decreased

Sales decreased.	University seminars, Content Provision, Affiliated schools, etc.
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Following the spread of the novel coronavirus, corporate training programs were scaled down, and put on hold or cancelled especially in the first quarter. As it is uncertain when the novel coronavirus pandemic will end, more companies have shifted from the conventional face-to-face training sessions to online sessions using such systems as online meeting systems, and TAC has endeavored to fulfill such needs since the second quarter. While sales from courses for Financial Planner, Securities Analyst, and IT Specialist shrank 14.5%, 6.5%, and 15.2% year on year, respectively, sales from the course in CompTIA® rose 2.3% year on year and those from the Bookkeeping course were almost unchanged from those of the previous year. A number of universities were closed temporarily or pushed back the start of the school year in the first quarter, but gradually began to resume classes mainly via the Internet. Accordingly, the rate of year-on-year decline in sales from university seminars improved to 14.5% eventually from 45.9% in the first quarter. Sales in the business of affiliated schools, whose major customers are local individuals, went down 4.1% from the same period of the year before, and provision of contents to local vocational schools fell 13.9% from the same period of the previous year. Sales from training programs on consignment from local municipalities grew 10.7% year on year owing to the strong business performance after the third quarter. Operating costs, such as personnel expenses related to sales activities, stood at 3,101 million yen in total (down 7.7% from the same period of the last year).

### 【Publishing】

Sales and profit increased

Sales increased	Real Estate Transaction Agent, Certified Administrative Procedures Legal Specialist, Financial Planner, Licensed Electrical Engineer, and Licensed Strata Management Consultant, etc.
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Sales were strong throughout the year thanks to the demand from housebound customers. Sales from textbooks for qualification examinations were healthy, including textbooks published by TAC covering Bookkeeping, Real Estate Transaction Agent, Labor and Social Security Attorney, Financial Planner, Licensed Strata Management Consultant, and Licensed Electrical Engineer, and those published by W Publishing dealing with Certified Administrative Procedures Legal Specialist and Judicial Scrivener. On the other hand, a significant decline in travel demand considerably reduced sales from guidebooks for domestic and overseas travel published by TAC. Sales in W Publishing exceeded those in the year before thanks in part to the healthy sales of law-related books, such as ones for Bar Examinations and Judicial Scrivener, following the amendment to the Civil Code. Sales promotion expenses and costs of producing overseas travel guidebooks decreased, resulting in operating costs of 2,860 million yen in total (down 3.0% year on year).

### 【Manpower Business】

Sales and profit declined

As the novel coronavirus crisis forced some events, such as job fairs and seminars, to be cancelled or scaled down, sales from the recruitment services, advertising, and temporary staffing services shrank; however, sales in the introduction and dispatch business of Medical office staffing and nurse were greater than those in the last year thanks not only to requests for tasks related to the revision to medical fees, which is made once every two years, but also to the effect of expanding the client base through enhanced sales activities.

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

	FY 3/20	Share	FY 3/21	Share	YoY Change
Finance, Accounting	3,882,060	19.1%	3,996,572	20.2%	+3.0%
Management, Taxation	3,305,869	16.3%	3,072,152	15.6%	-7.1%
Financial Service, Real Estate	4,299,950	21.1%	4,454,399	22.5%	+3.6%
Law	1,465,520	7.2%	1,346,647	6.8%	-8.1%
Public Officer, Labor	4,637,836	22.8%	4,497,224	22.8%	-3.0%
IT, International	1,546,418	7.6%	1,426,668	7.2%	-7.7%
Medical, Welfare	237,633	1.2%	253,383	1.3%	+6.6%
Others	956,407	4.7%	702,753	3.6%	-26.5%
Consolidated Sales	20,331,697	100.0%	19,749,802	100.0%	-2.9%

\*Units: ¥ thousand

**【Market Overview】**

The number of applicants for qualification examinations offered by TAC was on a downward trend up until 2014 but since then, it showed a steady increase until 2019; however, in 2020, the number of people applying for qualification examinations significantly dropped because some examinations were cancelled due to the spread of the novel coronavirus.

**【Overview of each domain】**

(Finance and Accounting Area)

The number of applicants for examinations for Certified Public Accountant went up 5.6% year on year, but that for examinations in Bookkeeping considerably shrank 39.1% year on year because the examination slated for June 2020 was cancelled due to the spread of the novel coronavirus infection. Applicants for the examinations for Certified Public Tax Accountant, too, continued declining in number.

(Public Officer and Labor Area)

The number of people applying for the examinations was on the decline due partly to the novel coronavirus pandemic, which in turn postponed the examination for employment of public officials.

(IT and International Area)

The number of people applying for law-related qualifications has been decreasing year by year.

**(4) Student Number Trends**

	FY 3/20	Share	FY 3/21	Share	YoY Change
Individual	126,000	60.8%	120,068	57.6%	-4.7%
Corporate	81,118	39.2%	88,519	42.4%	+9.1%
Total	207,118	100.0%	208,587	100.0%	+0.7%

\*Units: Persons



**Number of students by Certification Category**

	FY 3/20	Share	FY 3/21	Share	YoY Change
Finance and Accounting	33,368	16.1%	32,733	15.7%	-1.9%
Management and Taxation	24,696	11.9%	22,122	10.6%	-10.4%
Financial Service and Real Estate	53,617	25.9%	58,960	28.3%	+10.0%
Law	11,212	5.4%	10,755	5.1%	-4.1%
Public Officer and Labor	55,936	27.0%	52,473	25.2%	-6.2%
IT and International/ Medical and Welfare/ Others	28,289	13.7%	31,544	15.1%	+11.5%
<b>Total</b>	<b>207,118</b>	<b>100.0%</b>	<b>208,587</b>	<b>100.0%</b>	<b>+0.7%</b>

\*Units: Persons

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

## &lt;Increases&gt;

Certified Public Accountant course, Financial Planner course, CompTIA® course, etc.

## &lt;Declines&gt;

Bookkeeping course, Certified Public Tax Accountant course, Small &amp; Medium (S&amp;M) Enterprise Management Consultant course, Labor and Social Security Attorney course, etc.

While the number of corporate trainees attending online classes grew, participants in university seminars and lectures given in the affiliated schools decreased in number. The number of people taking part in job training programs conducted on consignment was almost flat year on year.

**(5) Financial Conditions and Cash Flow****◎Main Balance Sheet Items**

	End of March 2020	End of March 2021		End of March 2020	End of March 2021
Cash, Equivalents	4,287	5,149	Payables	495	633
Receivables	3,860	3,792	Returns, Disposal Loss Reserves	813	727
Inventories	865	894	Tuition advance	6,176	6,294
Current Assets	9,716	10,501	Asset Retirement Obligation	772	785
Tangible Fixed Assets	4,746	4,760	Interest Bearing Liabilities	5,187	4,446
Intangible Fixed Assets	300	233	Liabilities	14,775	14,602
Investments, Others	5,489	4,922	Net Assets	5,478	5,815
Fixed Assets	10,536	9,915	Total Liabilities, Net Assets	20,253	20,417

\*Units: ¥mn

An increase in cash, equivalents raised current assets by 784 million yen from the end of the previous year. Fixed assets decreased 620 million yen from the end of the previous year due to the decline in investments and other assets. Total assets stood at 20,417 million yen, up 164 million yen from the end of the previous year.

A drop in interest bearing liabilities reduced total liabilities by 172 million yen from the end of the previous year to 14,602 million yen.

A growth of retained earnings increased net assets by 337 million yen from the end of the previous year to 5,815 million yen.

Accordingly, capital adequacy ratio stood at 28.4%, up 1.4 points from the end of the previous year.

**◎Cash Flow**

	FY 3/20	FY 3/21	Increase/decrease
Operating Cash Flow	586	1,443	+856
Investing Cash Flow	-153	270	+423
Free Cash Flow	433	1,713	+1,280
Financing Cash Flow	-1,334	-864	+469
<b>Cash and equivalents</b>	<b>4,257</b>	<b>5,118</b>	<b>+861</b>

\*Unit: million yen

Operating cash flow improved following the significant growth of earnings before tax. Free cash flow showed considerable improvement because investing cash flow turned into the black. Financing cash flow, too, improved owing to a drop of interest bearing liabilities. The cash position increased.

### 3. Fiscal Year ending March 2022 Earnings Estimates

#### (1) Consolidated Earnings

	FY 3/21 Act.	Share	FY 3/22 Est	Share	YoY Change
Sales on a cash basis	19,816	100.3%	20,650	100.7%	+4.2%
Sales on an accrual basis	19,749	100.0%	20,500	100.0%	+3.8%
Gross profit	7,725	39.1%	-	-	-
SG&A	7,320	37.1%	-	-	-
Operating profit	404	2.0%	600	2.9%	+48.3%
Ordinary profit	646	3.3%	578	2.8%	-10.6%
Net profit	405	2.1%	380	1.9%	-6.3%

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

**While both sales and operating profit are expected to grow, the company projects that ordinary profit and net profit will shrink because there will be no temporary factor associated with non-operating profit or loss.**

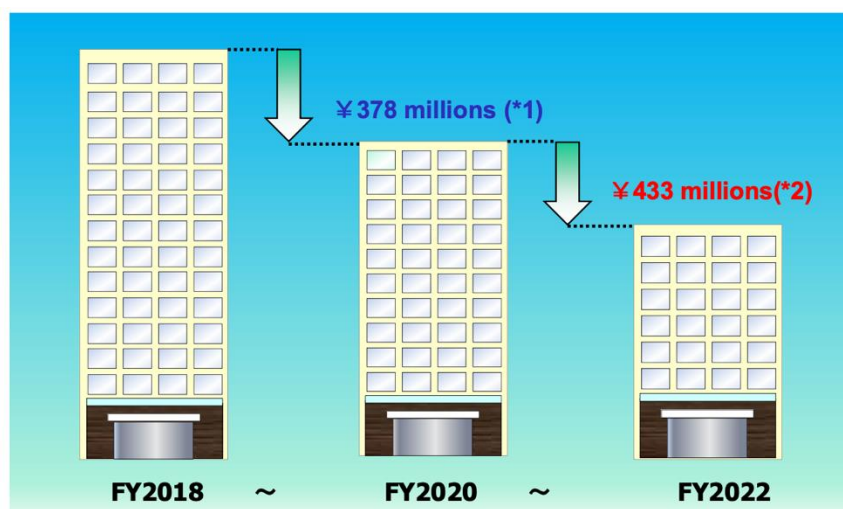
Both sales and operating profit are expected to grow in the term ending March 2022. Sales on a cash basis, sales on an accrual basis, and operating profit are forecasted to rise 4.2% year on year to 20,650 million yen, 3.8% year on year to 20,500 million yen, and 48.3% year on year to 600 million yen, respectively. The company plans to increase sales by generating sales through new channels and breaking fresh ground into a new business field, and boost profit significantly through policies, such as appropriate control of rent. It, however, forecasts that ordinary profit and net profit will drop because it is expected to record no income from subsidies as in the previous fiscal year. A dividend is to be 6.00 yen/share, up 1.00 yen/share year on year. The dividend payout ratio will be 29.2%.

#### © Efforts to be made after the term ending March 2022

##### Appropriate control of the rent of the school buildings

The company will cut down on the rent of the school buildings (which is a fixed cost) by reducing the floor space of the TAC-owned schools considering an increase in the number of students taking its classes via the Internet.

It will control costs in a more appropriate manner, for one, by cutting the rent of the school buildings through analysis of how people will attend classes in a post-pandemic society as needed.



- Analyze the operation rate of each school in response to changes in learning styles. Optimize the scale of each school.

[Schools where measures are already in place]  
Yokohama, Yaesu, Suidobashi, Namba, Kyoto, Ikebukuro, etc.

- At each school, optimize business hours and promote operational efficiency using IT to control costs.

\*1: Amount of rent reduced for school buildings where relocation or reduction of floor space completed, assuming that the effect of floor space reduction contributes for 1 year

\*2: Amount of rent reduced for school buildings where relocation or reduction of floor space planned in the next FY or beyond, assuming that the effect of floor space reduction contributes for 1 year

(In \*1 and \*2, calculated based on FY2018 rents)

(From the company's materials)

**Entered the field of MEXT\* -approved textbooks for commercial studies in high school**

The company will break new ground into the field of MEXT -approved textbooks by taking advantage of its years of experience and knowhow in accounting education.

In accordance with the new MEXT's guidelines for teaching in business courses of high schools, which will be implemented in fiscal year 2022, TAC's textbooks on bookkeeping and business fundamentals, which many high school students in business courses take during their first year in school, will go through screening by MEXT, be adopted by high schools all across Japan, and then be used at commercial high schools nationwide starting in April of 2022.

The company plans to apply for screening by MEXT also for textbooks on accounting used by second-year and third-year high school students to enrich its lineup of textbooks.

\* MEXT: the Ministry of Education, Culture, Sports, Science and Technology

**(Bookkeeping)**

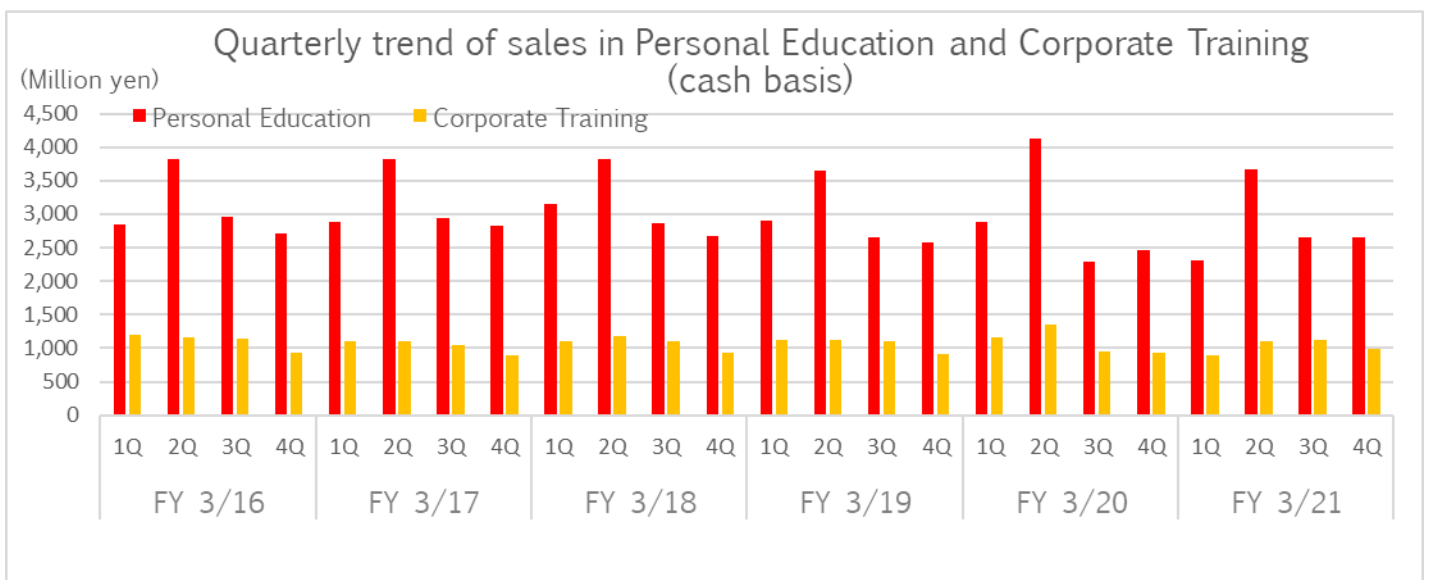
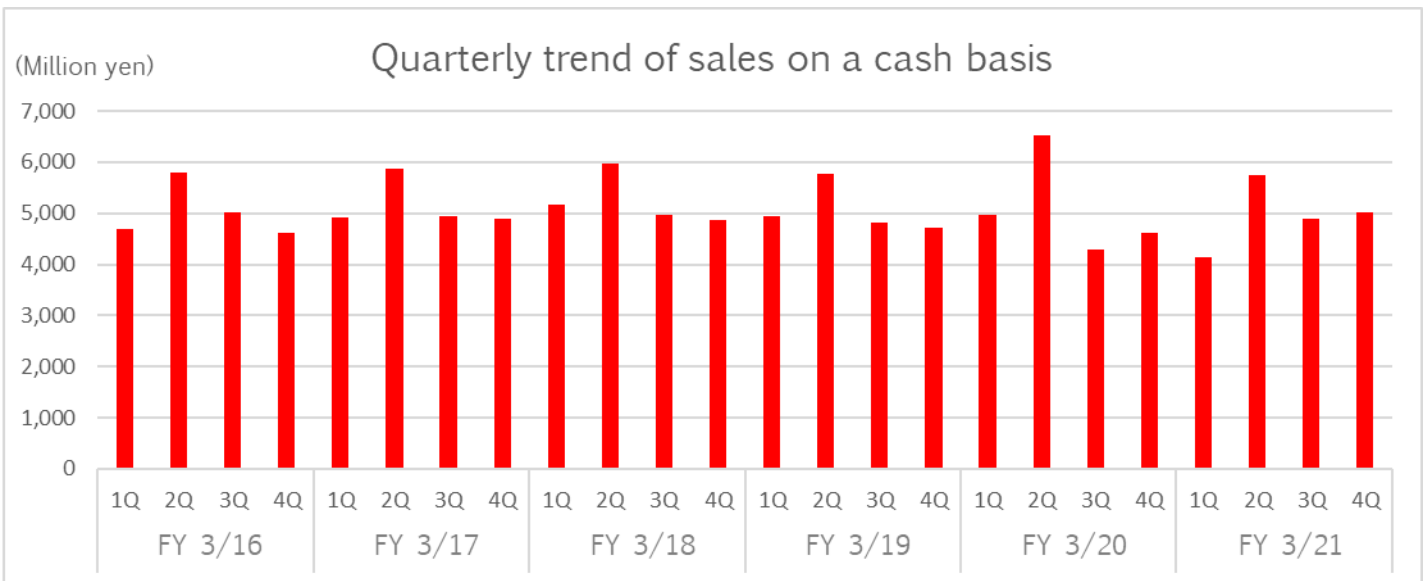
- Consisting of three sections, which are basics of bookkeeping, transaction recording, and closing of books of accounts, the textbook is written in a learner-friendly manner that helps learners grasp the full picture of bookkeeping.
- The overview of each unit is provided with illustrations in the "Introduction" sections in order to clarify the subject to learn in the unit and smoothly motivate learners to study.

**(Business Fundamentals)**

- The textbook contains not only fundamental knowledge for business course students, but also basic skills necessary for working adults, such as how to read newspapers, how to write business documents and e-mails, and how to read job advertisements.
- The textbook contains interview articles as well as plenty of specific example cases in order to help high school students carve out careers.

**4. Conclusions**

Regarding the impact of the novel coronavirus pandemic, the vaccines need time to take effect as vaccination has just begun. Meanwhile, there is mounting concern about outbreaks of variants of the virus that are considered to be more infectious than the original virus, such as the so-called Indian variant. The company revised its business forecasts for the term ended March 2021 downward on May 11, 2021 in light of the novel coronavirus crisis. Thus we should continue paying attention to the novel coronavirus-related trends. The company intends to make the following efforts starting in the term ending March 2022: (1) appropriate control of the rent of the school buildings, which is aimed at cutting the rent of the school buildings (fixed cost) by reducing the floor space of the TAC-owned schools because an escalating number of people now take classes online; and (2) entering into the business field of government-approved textbooks for business courses of high schools, which is to branch out into the authorized textbook field by taking advantage of TAC's years of experience and knowhow in accounting education. Both efforts are promising approaches that will contribute to generating revenue even in a post-pandemic world.



## <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 June 29, 2020

### <Basic Policy>

The company's basic policy regarding corporate governance is to put importance on prompt decision-making by a small number of directors. The company currently has six internal directors. On the other hand, the company also assigned two outside directors to properly maintain the corporate governance and the legal compliance system required as a public company, and it operates them to function efficiently.

Japan is rapidly shifting from a mature industrial society to a knowledge society. In the knowledge society, knowledgeable specialists (professionals) are required in various fields, and the areas of their participation are expanding. "Professional" is derived from the word "profess" = "declare in front of God." Thus, in medieval Europe, knowledgeable specialists such as priests, doctors, accountants, and teachers were professionals who made a vow to God when employed. Since the company started the business of training Certified Public Accountants, it has been in charge of training many professionals required in modern times on behalf of universities.

The group has received support from a wide range of customers (university students, working people, and corporations) through its bases and media, with the management philosophy of "cultivating the professionals that society needs" and "being deeply involved in personal growth." The company aims to be a strong player in the education services and human resource training and supply markets. It believes that the most basic proposition required of a joint-stock company, "increasing shareholder value," can be achieved only by having a support base by its customers, who are stakeholders.

That kind of professionals' self-discipline is part of the organizational culture in the group's corporate governance. The directors of the company themselves also aspire to regulate themselves as "management professionals." The term of office of directors is stipulated in the Articles of Incorporation as one year. In each term, the directors are evaluated by shareholders at a general meeting of shareholders whether or not they were "management professionals." The company also keeps director compensation relatively low. Companies with a committee system and companies with a nomination committee system are controlled by functional differentiation, but a considerable number of members are required. Therefore, considering the current business scale and profitability of TAC, it was decided that companies with a board of auditors is the appropriate system.

## &lt;Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)&gt;

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, Supplementary principle 1-4 (1) (2)	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.

## &lt;Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)&gt;

Principles	Disclosure contents
Principle 5-1	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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