



Toshio Tada, President and CEO

TAC Co., Ltd. (4319)



Company Information

Exchange	TSE Standard Market
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		Total market cap	ROE(Act.)	Trading Unit
202 yen	18,504,000 shares		3,737 million yen	3.5%	100 shares
DPS(Est.)	Dividend yield (Est.)	EPS(Est.)	PER(Est.)	BPS(Act.)	PBR(Act.)
6.00 yen	3.0%	11.58 yen	17.4 x	341.58yen	0.6 x

*The share price is the closing price on November 17th. Number of shares issued, DPS and EPS are from the financial results for the second quarter of the fiscal year ending March 2024. ROE and BPS are actual results for the previous term.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 Act.	20,471	413	442	444	24.05	6.00
March 2023 Act.	19,711	319	324	214	11.69	6.00
March 2024 Est.	19,620	380	330	210	11.58	6.00

*Unit: Million yen. Forecasts are based on company estimates. 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 financial results for the second quarter of the Fiscal Year ending March 2024 and other information about TAC.

Index

[Key Points](#)

[1. Company Overview](#)

[2. Second Quarter of Fiscal Year ending March 2024 Earnings Results](#)

[3. Fiscal Year ending March 2024 Earnings Estimates](#)

[4. Conclusions](#)

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

Key Points

- **In the second quarter of the term ending March 2024, sales declined year on year and operating income dropped considerably year on year. On a cash basis, sales decreased 4.1% year on year to 9,989 million yen. On an accrual basis, sales dropped 5.9% year on year to 10,125 million yen. As the cost of sales and SGA augmented 0.2% and 1.1%, respectively, operating income declined 73.1% year on year to 252 million yen on an accrual basis. Net income decreased 71.7% year on year to 173 million yen.**
- **For the term ending March 2024, the company maintained its previous forecast. They forecast sales of 19,720 million yen, up 2.2% year on year, on a cash basis, sales of 19,620 million yen, down 0.5% year on year, on an accrual basis, and an operating income of 380 million yen, up 19.1% year on year. The company plans to make up for the decrease in the number of attendees in the Public Accountant and the Public Officer with recently popular qualifications, such as Certified Public Tax Accountant and IT-related qualifications. As needs for distance learning are high due to the diversification of lifestyles, they will continue the reduction of floor area, relocation, etc. of school buildings to match the actually used space. The company plans to pay a dividend of 6.00 yen/share without change. The estimated payout ratio is 51.8%.**
- **In the term ending March 2024, students will be in a new learning environment after the reclassification of COVID-19 into Class 5. In the beginning, the performance of courses for students was sluggish, but we would like to expect the outcomes of new initiatives, including the factory tours in the course for Certified Public Accountant and management games, and the attraction of students after the relaxation of requirements for taking the exam for Certified Public Tax Accountant.**

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 (7 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.	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 Co., Ltd.	Insurance related corporate training
Equity Method Affiliated Company	Publishing	Waseda Management Publishing 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
		Professional Network Co., Ltd.	Publishing of web magazines for professionals

*As of the end of September 2023.

【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. 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.

【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 yen, 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 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
ROE(%)	10.3	8.6	5.7	1.9	7.2	7.4	3.5
Net profit Margin (%)	2.40	2.11	1.51	0.51	2.05	2.17	1.09
Asset Turnover	0.94	0.96	0.95	0.97	0.97	0.98	0.93
Leverage	4.60	4.27	4.00	3.81	3.60	3.49	3.41

2. Second Quarter of Fiscal Year ending March 2024 Earnings Results

Regarding Sales

In the certification and qualification acquisition support business conducted by the company, students applying for courses pay the entire amount of tuition fees (sales on a cash basis), which are booked on the liabilities side of the balance sheet as tuition advance. Then, these tuition advances are switched to sales every month that the educational services were provided to the student (sales on an accrual basis). Sales booked on the balance sheet represents sales on an accrual basis, and the company gives priority to the increase in sales on a cash basis 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

	2Q of FY 3/23	Share	2Q of FY 3/24	Share	YoY Change
Sales on a cash basis	10,419	96.8%	9,989	98.7%	-4.1%
Sales on an accrual basis	10,762	100.0%	10,125	100.0%	-5.9%
Gross profit	4,643	43.1%	3,994	39.5%	-14.0%
SG&A	3,701	34.4%	3,741	37.0%	+1.1%
Operating profit	941	8.8%	252	2.5%	-73.1%
Ordinary profit	925	8.6%	226	2.2%	-75.5%
Net profit	614	5.7%	173	1.7%	-71.7%

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

Decrease in sales and significant decrease in profit

Sales and operating profit declined year on year in the second quarter of fiscal year ending March 2024. Sales on a cash basis declined 4.1% year on year to 9,989 million yen. Sales on an accrual basis decreased 5.9% year on year to 10,125 million yen. Cost of sales rose 0.2% year on year, but SG&A expenses rose 1.1% year on year, resulting in a 73.1% YoY decline in operating profit and loss on an accrual basis to 252 million yen. Net profit fell 71.7% year on year to 173 million yen.

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

	2Q of FY 3/23	Share	2Q of FY 3/24	Share	YoY Change
Personal Education	5,632	54.1%	5,404	54.1%	-4.0%
Corporate Training	2,367	22.7%	2,418	24.2%	+2.1%
Publishing	2,130	20.4%	1,867	18.7%	-12.3%
Manpower Business	315	3.0%	319	3.2%	+1.1%
Elimination of intersegment transactions	-26	-	-19	-	-
Consolidated Sales	10,419	100.0%	9,989	100.0%	-4.1%

*Units: Million yen

Operating profit on a cash basis by Business Segment

	2Q of FY 3/23	Profit ratio	2Q of FY 3/24	Profit ratio	YoY Change
Personal Education	-22	-	-229	-	-
Corporate Training	618	26.1%	621	25.7%	+0.5%
Publishing	587	27.6%	311	16.7%	-47.0%
Manpower Business	82	26.2%	84	26.4%	+2.2%
Corporate expenses	-667	-	-670	-	-
Consolidated Operating profit	599	5.7%	117	1.2%	-80.5%

*Units: Million yen

【Personal Education】

Decrease in sales and widening deficit

Sales growth	Courses for IT Specialist, Certified Public Tax Accountant, Labor and Social Security Attorney, S&M Enterprise Mgt. Consultant, Real Estate Transaction Agent, Judicial Scrivener, Certified Administrative Procedures Legal Specialist, etc.
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As the coronavirus pandemic subsided, the demand for learning from working people is recovering, but the number of applications for courses from students remained stagnant because private enterprises actively recruited young people while expecting an economic recovery. Accordingly, the sales of Personal Education dropped year on year on a cash basis. Regarding the performance of each course, the performance of the course for IT Specialist remained healthy thanks to the rise in IT-related demand, and the course for Certified Public Tax Accountant has performed well since the first quarter thanks to favorable events, such as the revisions to the examination system and the taxation system, so sales grew from the previous fiscal year. In addition, the performance of the courses for Labor and Social Security Attorney, for which the number of applications started recovering in the second quarter, S&M Enterprise Mgt. Consultant, Real Estate Transaction Agent, Judicial Scrivener, Certified Administrative Procedures Legal Specialist, and others were healthy. On the other hand, the sales of the courses for Certified Public Accountant and Government officials, which are attended by main students, decreased from the previous year, and the performance of the courses for Bookkeeping, Real Estate Appraiser, Architects and Building Engineers, and others was sluggish. In terms of costs, total operating expenses, including remuneration for lecturers, costs for outsourcing the production of teaching materials, and rents, were 5,633 million yen, down 0.4% year on year.

Consequently, sales of Personal Education on a cash basis stood at 5,404 million yen (down 4.0% year on year) and there was an operating loss of 229 million yen on a cash basis (operating loss was 22 million yen in the previous year).

【Corporate Training】

Increase in sales and in profit

Increase in sales	Field of IT and International, Financial Services & Real Estate, Finance and Accounting, electricity and equipment etc.
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The training for enterprises performed well like in the first quarter. Regarding the performance in each field, the performance in the field of IT and International was healthy as there remained demand for DX, and the training in the field of Financial Services & Real Estate, which is the mainstay, the field of Finance and Accounting, and the field of electricity and equipment performed well, so sales grew from the previous year. The sales from university seminars were favorable in the first quarter, but declined somewhat from the previous year, due to the timing of training. The sales of the affiliated school business, whose major customers are local individuals, decreased 7.6% year on year. The sales from commissioned training for local governments declined 0.5% year on year. The sales from training outsourced by municipalities decreased 1.0% year on year. In terms of costs, total operating expenses were 1,796 million yen, up 2.7% year on year.

Consequently, sales of Corporate Training on a cash basis stood at 2,418 million yen (up 2.1% year on year) and operating income on a cash basis was 621 million yen (up 0.5% year on year).

【Publishing】

Decrease in sales and in profit

Increase in sales	Labor and Social Security Attorney, Patent Attorney, etc.
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The corporate group's publishing business is conducted under two brands: "TAC Publishing" operated by the company and "W Seminar" ("W Publishing") operated by its subsidiary, Waseda Management Publishing, Co., Ltd. Publishing is recovering gradually, but could not cover the reactionary decline from the demand from housebound consumers in the first quarter, so sales dropped from the previous year. Regarding books for qualifying exams, the sales of "Labor and Social Security Attorney" published by TAC Publishing, "Patent Attorney" published by W Publishing, etc. increased from the previous year, but the sales of "Bookkeeping," "Real Estate Transaction Agent," "FP," "Licensed Strata Management Consultant," etc. decreased from the previous year. On the other hand, travel guides sold well, as a new series was published and the demand for travel grew during the summer holidays. In terms of costs, total operating expenses were 1,555 million yen, up 0.9% year on year.

Consequently, the sales of Publishing stood at 1,867 million yen (down 12.3% year on year) and operating income was 311 million yen (down 47.0% year on year).

【Manpower Business】

Sales and profit rose

Regarding the accounting personnel business operated by TAC Profession Bank Co., Ltd., which is a subsidiary, sales from advertisement and personnel introduction were healthy like in the first quarter, because audit corporations, tax accountant corporations, general enterprises, etc. had a strong willingness to recruit accounting personnel. Regarding the medical personnel business operated by Medical Office Staffing Kansai Co., Ltd, sales declined in the first quarter due to the decrease in tasks related to COVID-19, but in the second quarter of this fiscal year, sales recovered to the level in the second quarter of the previous fiscal year. However, operating income declined, due to the augmentation of operating expenses, including personnel costs.

Consequently, sales of the Manpower Business stood at 319 million yen (up 1.1% year on year) and operating income was 84 million yen (up 2.2% year on year).

(3) Trend by Certification Category

The company adopted the "Accounting Standards for Revenue Recognition" and other standards in the previous fiscal year, and in the term ended March 2023, the amount equivalent to expected product returns is directly deducted from net sales for transactions in the publishing business in which there is a possibility of return of goods. The amount equivalent to such returns is calculated based on an overall estimate based on past sales returns, etc., and the deductions for each field are not known. Therefore, the total sales in "2Q of FY 3/2023" and "2Q of FY 3/2024" in the table below do not match the sales in the quarterly consolidated profit-and-loss statements.

Sales on an accrual basis by Certification Category

	2Q of FY 3/23	Share	2Q of FY 3/24	Share	YoY Change
Finance, Accounting	1,971	18.6%	1,634	16.3%	-17.1%
Management, Taxation	1,767	16.7%	1,740	17.4%	-1.5%
Financial Service, Real Estate	2,614	24.7%	2,541	25.4%	-2.8%
Law	638	6.0%	623	6.2%	-2.4%
Public Officer, Labor	2,118	20.0%	1,849	18.5%	-12.7%
IT, International	845	8.0%	879	8.8%	+4.1%
Medical, Welfare	148	1.4%	145	1.4%	-2.2%
Others	485	4.6%	599	6.0%	+23.5%
Total	10,588	100.0%	10,012	100.0%	-5.4%

*Unit: Million yen

【Market Overview】

The number of students in the second quarter of fiscal year ending March 2024 totaled 128,895 (up 2.7% from the previous consolidated fiscal year), of which 74,158 were individual students (down 0.4% or 264 students) and 54,737 were corporate students (up 7.1% or 3,610 students).

Student Number Trends

	2Q of FY 3/23	Share	2Q of FY 3/24	Share	YoY Change
Individual	74,422	59.3%	74,158	57.5%	-0.4%
Corporate	51,127	40.7%	54,737	42.5%	+7.1%
Total	125,549	100.0%	128,895	100.0%	+2.7%

*Units: Person

【Overview by Certification Sector】

While the number of both individual and corporate course attendees rose 5.9% year on year in the Certified Public Tax Accountant course, 7.8% year on year in the Real Estate Transaction Agent course, 9.8% year on year in the Financial Planner course, 23.2% year on year in IT courses, etc., it fell 4.5% year on year in the Bookkeeping course, 4.4% year on year in the Certified Public Accountant course, 5.7% year on year in the Architects and Building Engineers course, 10.8% in the Government officials(RS&LG)* course, etc. The number of corporate attendees grew 12.7% year on year in distance learning, while it declined 6.0% year on year at university seminars and 5.1% year on year at affiliated schools, and grew 1.1% year on year in commissioned training.

* Regular Service & Local Government

Number of students by Certification Category

	2Q of FY 3/23	Share	2Q of FY 3/24	Share	YoY Change
Finance and Accounting	16,475	13.1%	15,802	12.3%	-4.1%
Management and Taxation	16,730	13.3%	17,218	13.4%	+2.9%
Financial Service and Real Estate	34,725	27.7%	37,911	29.4%	+9.2%
Law	6,240	5.0%	6,365	4.9%	+2.0%
Public Officer and Labor	31,245	24.9%	28,934	22.4%	-7.4%
IT and International/ Medical and Welfare/ Others	20,134	16.0%	22,665	17.6%	+12.6%
Total	125,549	100.0%	128,895	100.0%	+2.7%

*Units: Person

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

	End of March 2023	End of September 2023		End of March 2023	End of September 2023
Cash and deposits	6,103	6,309	Notes and Accounts Payable - trade	495	433
Notes and Accounts Receivable - trade	3,835	4,638	Provision for Loss on Abandonment of Sales Return	333	327
Inventories	876	764	Advances Received	5,483	5,430
Current Assets	11,604	12,264	Asset Retirement Obligation	67	77
Property, Plant and Equipment	4,973	4,945	Interest Bearing Liabilities	5,298	5,950
Intangible Assets	231	234	Liabilities	14,591	15,060
Investments and Other Assets	3,966	3,929	Net Assets	6,203	6,312
Non-current Assets	9,190	9,108	Total Liabilities, Net Assets	20,795	21,372

*Units: Million yen

Current assets increased 659 million yen from the end of the previous term, due to the increase in notes and accounts receivable-trade, etc. Fixed assets decreased 82 million yen year on year due to a decrease in property, plant and equipment. Total assets increased 577 million yen to 21,372 million yen.

Due to an increase in interest-bearing debt, total liabilities increased 468 million yen year on year to 15,060 million yen, largely due to a decrease in advances received.

Net assets grew 109 million yen to 6,312 million yen, due to the rise in retained earnings, etc. As a result, capital-to-asset ratio fell 0.3 points from the end of the previous fiscal year to 29.5%.

3. Fiscal Year ending March 2024 Earnings Estimates**(1) Consolidated Earnings**

	FY 3/23 Act.	Share	FY 3/24 Est	Share	YoY Change
Sales on a cash basis	19,295	97.9%	19,720	100.5%	+2.2%
Sales on an accrual basis	19,711	100.0%	19,620	100.0%	-0.5%
Gross profit	7,732	39.2%	-	-	-
SG&A	7,413	37.6%	-	-	-
Operating profit	319	1.6%	380	1.9%	+19.1%
Ordinary profit	324	1.6%	330	1.7%	+1.7%
Net profit	214	1.1%	210	1.1%	-2.2%

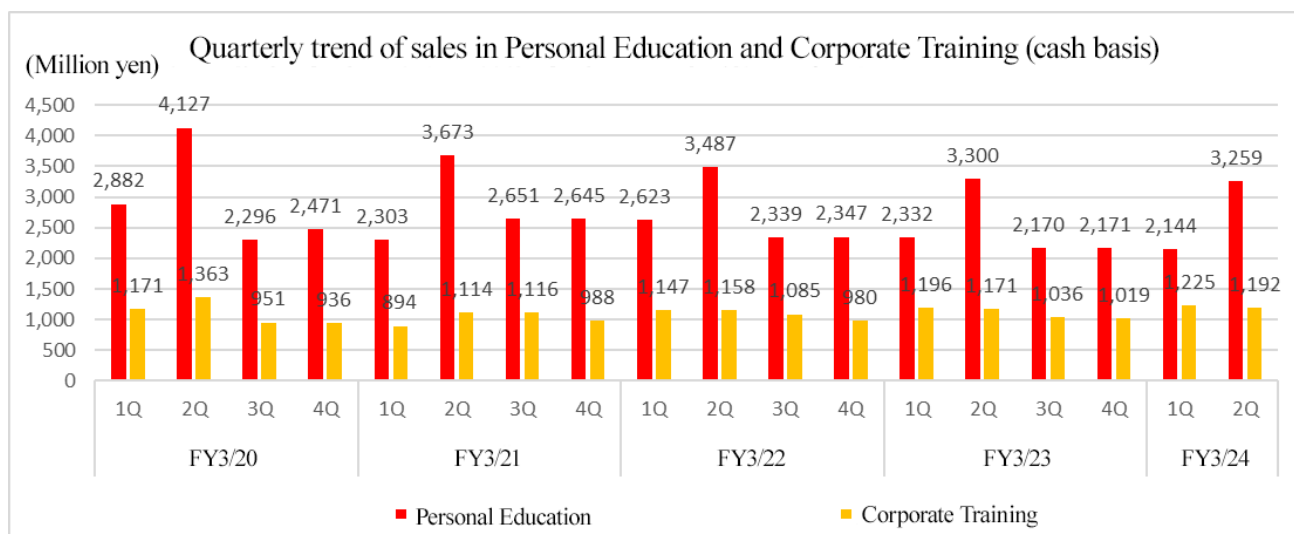
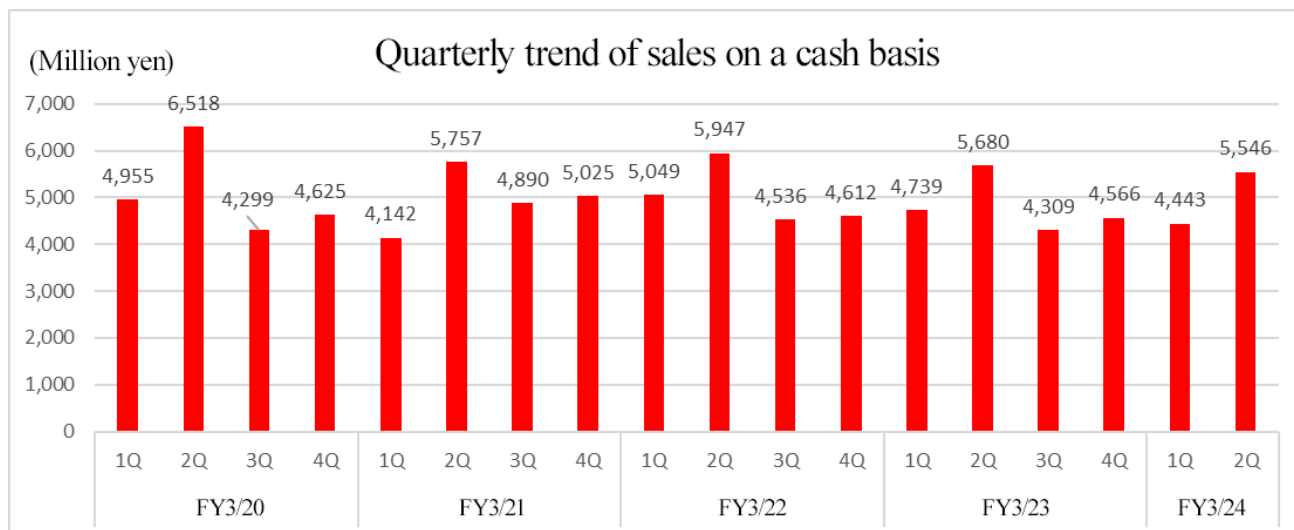
*Units: Million yen. Estimates are those of the company.

No change in earnings forecast

For the term ending March 2024, the company maintained its previous forecast. They forecast sales of 19,720 million yen, up 2.2% year on year, on a cash basis, sales of 19,620 million yen, down 0.5% year on year, on an accrual basis, and an operating income of 380 million yen, up 19.1% year on year. The company plans to make up for the decrease in the number of attendees in the Public Accountant and the Public Officer with recently popular qualifications, such as Certified Public Tax Accountant and IT-related qualifications. As needs for distance learning are high due to the diversification of lifestyles, they will continue the reduction of floor area, relocation, etc. of school buildings to match the actually used space. The company plans to pay a dividend of 6.00 yen/share without change. The estimated payout ratio is 51.8%.

4. Conclusions

The learning environment is transforming into a new one in the term ending March 2024 as COVID-19 has been recategorized into Class 5. Although courses for students were sluggish at the start of the year, we look forward to the results of new initiatives this term, such as factory tours and management games in the accountant course, as well as the inclusion of students following the easing of qualifications for the Certified Public Tax Accountant exam.



<Reference: Regarding Corporate Governance>

◎Operating type, and the composition of directors and auditors

Operating type	Company with Audit and Supervisory Committee
Directors who are not members of the Audit and Supervisory Committee	12 directors, including 2 external ones
Directors who are members of the Audit and Supervisory Committee	3 auditors, including 3 external ones

◎Corporate Governance Report

Updated on June 28, 2023

<Basic Policy>

The company's basic policy regarding corporate governance is to put importance on prompt decision-making. The company currently has ten internal directors. On the other hand, the company also assigned five 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 Companies Act stipulates that the term of each director shall be one year (two years for directors belonging to the audit and supervisory committee), and shareholders judge whether respective directors have served as "professionals in business administration" in each term at a general meeting of shareholders. Our company adopted the organizational structure as a company with an audit and supervisory committee, and strives to enhance the functions to oversee and audit business management and comply with laws and regulations thoroughly, with the aim of achieving highly transparent business management.

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

The company has not followed the following principles in the Corporate Governance Code for the reasons described in the table below.

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.
Supplementary Principle 2-4 (1)	Our company bases its assessments and appointments of core personnel on the individual's abilities, regardless of their personal attributes. Therefore, there are no numerical targets based on personal attributes. Moreover, most of our business activities are conducted in Japan, and we do not have any appointment history of foreigners for the

	<p>management positions. However, in terms of the appointment of core personnel, our company bases its assessments and appointments on individuals' personal abilities, regardless of their attributes, thus, we consider an appointment whenever there is an appropriate person in accordance with our company's future business development.</p> <p>Our company is actively employing mid-career employees in addition to the new graduate, with the aim to develop diverse human resources and establish a vibrant organization.</p>
Supplementary Principle 4-11 (1)	<p>Our company, with the aim to execute our company group's management efficiently and effectively, to contribute to the company's sustainable growth, and to maximize its corporate value, follows its policy to have the Board of the directors composed of diverse members with different backgrounds in abilities, knowledge, and experience. Furthermore, the upper limit of the number of the Directors is set at 15, with up to four Directors who also serves as the member of the audit and supervisory committee, as stated in the Articles of Incorporation, for a quick decision-making process.</p> <p>Moreover, we will discuss a disclosure of the skills matrix as our task in the future.</p>

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

Our company's policies pertaining to each principle whose disclosure is required by the Corporate Governance Code are as follows (except the principles stated in the above "Reasons for Non-compliance with the Principles of the Corporate Governance Code.")

Principles	Disclosure
Supplementary Principle 3-1 (3)	<p>As initiatives for sustainability, our company is working on promoting paperless business operations, implementing Cool Biz and Warm Biz, and reducing CO₂ emissions through saving air conditioning energy, in terms of the environment. Further, in the social aspect, our company promotes acquiring accounting knowledge required for businesspersons, and carries out events such as Bookkeeping Championship Tournament with the aim to contribute to the development of companies and Japan's entire economy.</p> <p>Our company's management philosophy is to "contribute to the society through our development of profession."</p> <p>Our company runs educational service business to support students and working adults obtaining national qualifications, etc., and our development of educational contents including textbooks and development of curricula is nothing but an investment in intellectual properties. In addition, developing professions is indispensable for the educational content development, we require our employees to acquire the Official Business Skills Test in Bookkeeping, third grade, and encourage acquiring various qualifications, and proactively provide support for tuition for that purpose.</p>
Principle 5-1	<p>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.</p>

BRIDGE REPORT



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