



BRIDGE REPORT



	TAC Co., Ltd. (4319)
	

Toshio Tada, President and CEO

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
242 yen	18,504,000 shares		4,477 million yen	7.7%	100 shares
DPS(Est.)	Dividend yield (Est.)	EPS(Est.)	PER(Est.)	BPS(Act.)	PBR(Act.)
7.00 yen	2.9%	25.92 yen	9.3 x	343.05 yen	0.71 x

*The share price is the closing price on June 11. All figures are from the financial results for the fiscal year ended March 2025.

Earnings Trends

Fiscal Year	Net Sales	Operating income	Ordinary income	Net Profit	EPS	DPS
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 Act.	19,001	-307	-329	-219	-	6.00
March 2025 Act.	19,196	725	736	467	25.78	4.00
March 2026 Est.	19,260	740	700	470	25.92	7.00

*Unit: Million yen. Forecasts are based on company estimates. These values are on an accrual basis. Net profit is profit attributable to owners of parent (the same applies for net profit hereinafter).

We present this Bridge Report reviewing financial results for the Fiscal Year ended March 2025 and other information about TAC.

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Key Points

- In the fiscal year ended March 2025, sales increased 1.0% year on year and the company recorded an operating income of 725 million yen (in the previous fiscal year, they recorded an operating loss of 307 million yen). Sales on a cash basis, on which the company places emphasis for its business administration, stood at 19,242 million yen, up 1.6% year on year. While the sales in the Manpower Business slightly decreased, the sales in the businesses of Personal Education, Corporate Training, and Publishing grew. In terms of profit, operating income/loss improved remarkably owing to a decline in cost of goods sold and selling, and general and administrative expenses. Ordinary income was 736 million yen, and net income was 467 million yen. The company provided a year-end dividend of 2.00 yen/share, so the annual dividend was 4.00 yen/share.
- For the fiscal year ending March 2026, the company is forecasting sales of 19,260 million yen, up 0.3% year on year, and an operating income of 740 million yen, up 1.9% year on year. In order to promote sustainable business activities and medium/long-term growth, the company will endeavor to (1) strengthen the profitability of Personal Education, (2) increase human capital, and (3) improve price-book value ratio. It plans to pay a dividend of 7.00 yen/share, up 3.00 yen/share year on year (including a dividend of 3.00 yen/share for the end of the first half of the fiscal year).
- The company presented a policy of reforming the cost structure and striving to ensure reasonable profit at the beginning of the fiscal year ended March 2025. Regarding the quarterly results, the second quarter was a peak period, with a large increase in profit, followed by a large improvement in profit and loss in each quarter, and the company moved into the black for the full year, far exceeding its forecast. Sales were also on a downward trend until the first quarter of the fiscal year ended March 2025, but have been increasing, albeit slightly, since the second quarter, and the company is beginning to get on track with "top line expansion," which was an issue mentioned in the previous report. Stock price is gradually improving, but PBR is still significantly lower than 1.0. The company believes that it is essential to expand its top line in order to steadily achieve a PBR of over 1.0, and it seems like they are getting the hang of it. After the release of this financial statement, the expected EPS has increased significantly, and the improvement in stock price is projected to continue, because PER indicates that their stock is undervalued.

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.

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Major Group Companies and Their Business Description

Company Type	Company Name	Segment	Business Description
Consolidated Subsidiaries	TAC General Property Management Co., Ltd.	Personal Education	School classroom building contracts, maintenance work
	TAC INFORMATION TECHNOLOGY (Dalian) Co., Ltd.	Personal Education	Dalian operation center (Administrative task, instruction material monitoring check)
	Online School Co., Ltd.	Personal Education	Business of membership-based education over the Internet
	Waseda Management Publishing Co., Ltd.	Publishing	“W Seminar” brand publishing business
	TAC Profession Bank Co., Ltd.	Manpower Business	Human Resources introduction (headhunting), worker dispatch, job advertising business
	Medical Office Staffing Kansai Co., Ltd.	Manpower Business	Health insurance claims, medical-related staff dispatch business
Equity Method Affiliated Company	Professional Network Co., Ltd.		Publishing of web magazines for professionals

*As of the end of March 2025.

Target markets in each area

Licenses area	Main Programs
① Finance & Accounting	Certified Public Accountant, Bookkeeping, The Japan Accounting and Financial Analysis Examination, Construction Industry Accountant
② Management & Taxation	Certified Public Tax Accountant, Small and Medium Enterprise Mgt. Consultant, IPO Practical Skill Examination, Financial Reporting Practical Skill Examination
③ Financial Services & Real Estate	Real Estate Appraiser, Architects and Building Engineers, First-Class Building Operation and Management Engineer, Real Estate Transaction Agent, Licensed Strata Management Consultant/Licensed Representative of Condominium Management Company, Property Manager, Financial Planner, DC Planner (*1), Securities Analyst (including CFA® (*2)), Securities Broker Representative, Business Management Advisor, Business School, Chiefs of Money Lending Operations, Souzoku Kentei
④ Law	Bar Examination, Judicial Scrivener, Patent Attorney, Certified Administrative Procedures Legal Specialist, The Japan Business Law Examination, Law-related qualifications, Registered Customs Specialist, The Proficiency Test in Trading Business (*3), Intellectual Property Management Skills Test
⑤ Public Officer & Labor	Labor and Social Security Attorney, Nenkin Kentei, Government officials (MCT&MOFA(*4)), Government officials (RS&LG (*5)), Government officials (science), Police officers & Fire dept. officials, Teacher's Employment Exam, Courses for job seekers in mass communications
⑥ IT & International	IT Specialist (Information Technology Passport Examination, Registered Information Security Specialist Examination, etc.), USCPA, Enrolled Agent (EA), US Certified Management Accountant, CompTIA(*4), IT-related qualifications, Certified Internal Auditor (CIA), TOEIC® L&R TEST
⑦ Medical & Welfare	Introduction and dispatch business of Medical office staffing and nurses, etc.
⑧ Other	Licensed Electrical Engineer, Qualified Electrician, Beneficial Course, Introduction and dispatch business of accounting personnel, miscellaneous revenue, TAC BOOK, W-BOOK, etc.

(*1) DC : Defined Contribution (*2) CFA®: Chartered Financial Analyst® (*3) The Proficiency Test in Trading Business is registered trademarks of Maunharf Japan Co., Ltd. (*4) MCT&MOFA: Main Career Track & Ministry of Foreign Affairs of Japan (*5) RS&LG: Regular Service & Local Government (*6) CompTIA : Computing Technology Industry Association

【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. The company was listed on the Standard Market of TSE in April 2022.

【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 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25
ROE(%)	5.7	1.9	7.2	7.4	3.5	-3.6	7.7
Net profit Margin (%)	1.51	0.51	2.05	2.17	1.09	-1.15	2.44
Asset Turnover	0.95	0.97	0.97	0.98	0.93	0.91	0.92
Leverage	4.00	3.81	3.60	3.49	3.41	3.45	3.45

In the fiscal year ended March 2024, the company posted a net loss and ROE was negative. However, it recovered significantly in the fiscal year ended March 2025, exceeding 7% for the first time since the fiscal year ended March 2022. With only minor changes in total asset turnover and leverage, net income margin, whose fluctuation is relatively large, is likely to be the key going forward. For FY 3/2026, ROE is expected to remain unchanged from FY 3/2025.

2. Fiscal Year ended March 2025 Earnings Results

(1) Consolidated Earnings

	FY 3/24	Share	FY 3/25	Share	YoY Change	Initial forecasts	Compared to the forecasts
Sales	19,001	100.0%	19,196	100.0%	+1.0%	19,220	-0.1%
Gross profit	6,988	36.8%	7,708	40.2%	+10.3%	-	-
SG&A	7,295	38.4%	6,982	36.4%	-4.3%	-	-
Operating income	-307	-	725	3.8%	-	270	+168.9%
Ordinary income	-329	-	736	3.8%	-	220	+234.9%
Net profit	-219	-	467	2.4%	-	150	+211.7%

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

*Initial forecasts are company forecasts announced at the beginning of the period.

Sales rose slightly and all kinds of profits grew significantly.

In the fiscal year ended March 2025, sales increased 1.0% year on year and the company recorded an operating income of 725 million yen (in the previous fiscal year, they recorded an operating loss of 307 million yen). Sales on a cash basis, on which the company places emphasis for its business administration, stood at 19,242 million yen, up 1.6% year on year. While the sales in the Manpower Business slightly decreased, the sales in the businesses of Personal Education, Corporate Training, and Publishing grew. In terms of profit, gross profit margin increased from 36.8% in the same period of the previous year to 40.2% owing to a 4.4% decline in cost of goods sold. Operating income and expenses improved remarkably as selling, general and administrative expenses decreased 4.3%. Ordinary income was 736 million yen (they recorded an ordinary loss of 329 million yen in the previous fiscal year), and net income was 467 million yen (they recorded a net loss of 219 million yen in the previous fiscal year).

All kinds of profits far exceeded the company's forecast.

The company provided a year-end dividend of 2.00 yen/share, so the annual dividend was 4.00 yen/share.

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.

Sales on a cash basis in the fiscal year ended March 2025 stood at 19,242 million yen (up 1.6% year on year).

Regarding Seasonal Characteristics

The company's quarterly trends are as follows.

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.

In the fiscal year ended March 2025, profit/loss significantly improved in each quarter.

FY3/24

	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
Sales	5,206	-6.6%	4,919	-5.2%	4,243	+1.4%	4,631	-2.7%
Operating income	123	-77.6%	129	-67.0%	-574	-	14	-

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FY3/25

	1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY
Sales	5,023	-3.5%	5,112	+3.9%	4,299	+1.3%	4,761	+2.8%
Operating income	318	+158.0%	504	+289.9%	-383	-	286	+1,883.8%

*Units: Million yen

(2) Business Segment Trends

The company has adopted a management approach for segment information, through the application of the “Accounting Standard for Disclosure of Segment Information,” etc., and shows sales in the following tables as sales “on a cash basis” (before advances received) in accordance with the corporate group’s management decision-making.

Sales on a cash basis by Business Segment

	FY 3/24	Share	FY 3/25	Share	YoY Change
Personal Education	9,765	51.6%	9,904	51.5%	+1.4%
Corporate Training	4,445	23.5%	4,475	23.2%	+0.7%
Publishing	4,246	22.4%	4,381	22.8%	+3.2%
Manpower Business	510	2.7%	508	2.6%	-0.4%
Elimination of intersegment transactions	-36	-0.2%	-26	-0.1%	-
Consolidated Sales	18,932	100.0%	19,242	100.0%	+1.6%

*Units: Million yen

Operating income on a cash basis by Business Segment

	FY 3/24	Profit ratio	FY 3/25	Profit ratio	YoY Change
Personal Education	-1,029	-	-196	-	-
Corporate Training	1,011	22.8%	1,135	25.4%	+12.2%
Publishing	847	20.0%	993	22.7%	+17.1%
Manpower Business	63	12.4%	74	14.6%	+17.2%
Corporate expenses	-1,270	-	-1,235	-	-
Consolidated Operating income	-376	-	771	4.0%	-

*Units: Million yen

【Personal Education】

Sales climbed, and profit/loss improved significantly.

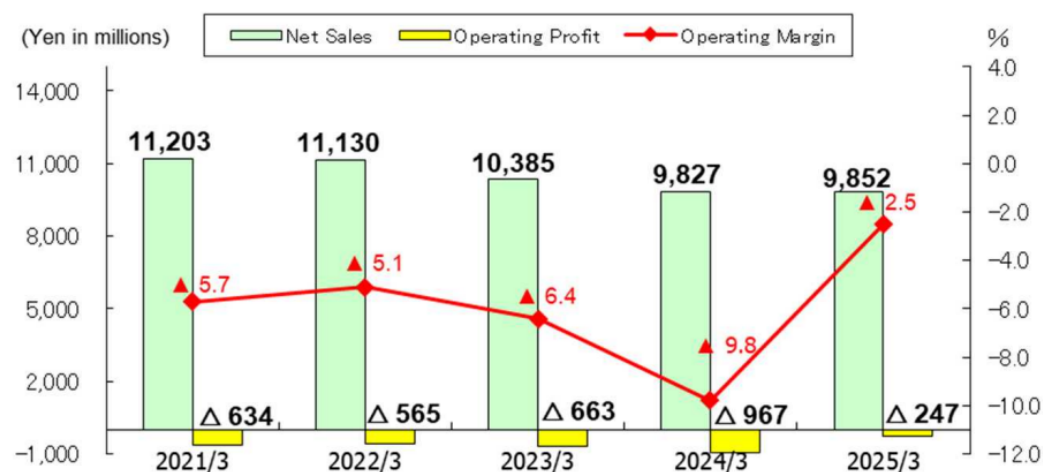
Sales on a cash basis stood at 9,904 million yen, up 1.4% year on year, and cash-based operating loss was 196 million yen (in the previous fiscal year, the company recorded an operating loss of 1,029 million yen). Throughout the year, favorable performance was noted in courses targeting mainly working adults. Regarding the performance of each course, sales on a cash basis grew year on year in courses such as ones for Certified Public Tax Accountants, Real Estate Appraisers, Architects and Building Engineers, and Labor and Social Security Attorneys. Moreover, courses for Real Estate Transaction Agents, Judicial Scriveners, Certified Administrative Procedures Legal Specialists, Government officials (MCT& MOFA(*1)), and others performed favorably. On the other hand, courses targeting mainly students such as ones for Government officials (RS&LG (*2)), Certified Public Accountants, S&M Enterprise Mgt. Consultants, Licensed Strata Management Consultants/Licensed Representatives of Condominium Management Companies, and USCPA showed a weak business performance. In terms of costs, the reform of the course operation system brought about positive effects, allowing the company to reduce operating expenses, including lecturers’ fees, costs for outsourcing production of teaching materials, rent, and advertising expenses by 6.4% year on year to 10,100 million yen in total and significantly improve cash-based operating income/loss to 833 million yen year on year.

(*1) MCT&MOFA: Main Career Track & Ministry of Foreign Affairs of Japan (*2) RS&LG: Regular Service & Local Government

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Trend in Personal Education *Sales and operating income and loss are stated on an accrual basis.



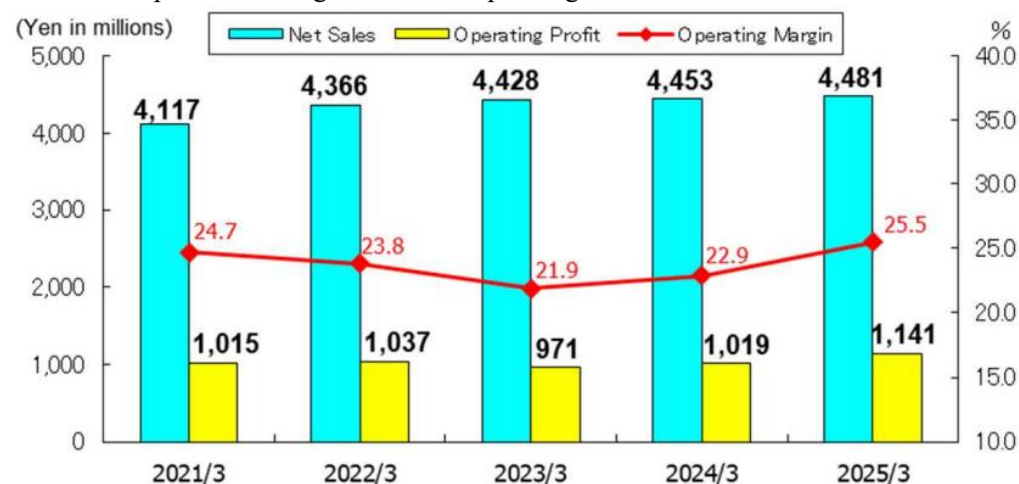
(From the company's materials)

【Corporate Training】

Sales slightly climbed, and profit increased.

Sales on a cash basis stood at 4,475 million yen, up 0.7% year on year, and cash-based operating income was 1,135 million yen, up 12.2% year on year. The training services for enterprises performed solidly throughout the fiscal year. In the Corporate Training Business, the training courses for the IT and International field as well as for the field of Financial Services & Real Estate, which is the mainstay, showed a strong business performance. In addition, other training courses such as ones for the Management & Taxation field and the Law field performed solidly. Meanwhile, the performance of university seminars decreased 5.4% year on year as applicants for government officials continued to drop in number. From the same period of the previous fiscal year, sales in the affiliated school business whose main clients are individuals living in the countryside declined 12.3%, sales from provision of content to vocational schools operating in the countryside went down 2.2%, and sales from drills commissioned by municipalities plummeted 32.1%. In terms of costs, the company carried out revisions such as cutbacks in personnel, outsourcing, and advertising expenses, successfully reducing operating expenses as a whole by 2.7% year on year to 3,340 million yen and yielding a greater cash-based operating income than that of the previous fiscal year.

Trend in Corporate Training *Sales and operating income and loss are stated on an accrual basis.



(From the company's materials)

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**【Publishing】**

Sales and profit increased.

Sales on a cash basis stood at 4,381 million yen, up 3.2% year on year, and operating income was 993 million yen, up 17.1% year on year.

The TAC Group's Publishing Business is conducted under two brands: "TAC Publishing" operated by TAC and "W Seminar" (hereinafter referred to as "W Publishing") operated by Waseda Management Publishing Co., Ltd., which is one of TAC's subsidiaries. Thanks in part to the strengthened approach toward self-taught learners and proactive sales promotion efforts, both sales and profit increased. Regarding books used to prepare for qualification exams, sales of books published by TAC Publishing on Bookkeeping, Certified Public Tax Accountants, Real Estate Appraisers, Real Estate Transaction Agents, Architects and Building Engineers, Labor and Social Security Attorneys, and IT Specialists, and books published by W Publishing on Judicial Scriveners and Certified Administrative Procedures Legal Specialists exceeded those in the previous fiscal year. Meanwhile, the sales volume of publications on S&M Enterprise Mgt. Consultants, Financial Planners, Licensed Electrical Engineers, and others was smaller than that in the previous fiscal year. In terms of costs, operating expenses as a whole declined 0.3% year on year to 3,387 million yen, achieving a double-digit increase in profit.

Trend in Publishing **【Breakdown of sales】** (prior to consolidated adjustments)...TAC Publishing: 3,997 million yen, W Publishing : 609 million yen



(From the company's materials)

【Manpower Business】

Sales slightly decreased and profit increased.

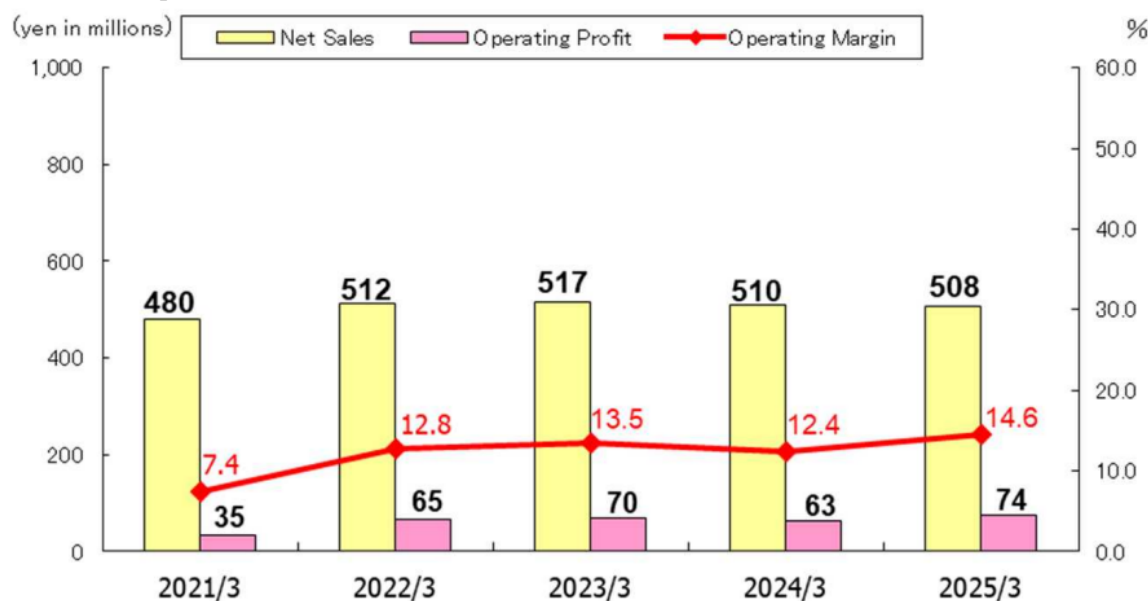
Sales declined 0.4% year on year to 508 million yen, and operating income increased 17.2% year on year to 74 million yen.

In the business of introduction and dispatch of accounting personnel managed by TAC Profession Bank Co., Ltd., one of the company's subsidiaries, demand for personnel remains high, and sales of the personnel placement services performed favorably throughout the fiscal year. On the other hand, the sales of advertisement and temporary staffing fell below those in the previous year. Additionally, the sales in the business of medical personnel staffing managed by Medical Office Staffing Kansai Co., Ltd. were lower than those in the previous fiscal year owing to the difficulties in securing medical personnel for dispatch despite the demand caused by labor shortage at medical institutions. Nevertheless, the company's careful cost control bore fruit, yielding a double-digit increase in profit.

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Trend in Manpower Business



(From the company's materials)

(3) Trend by Certification Category

The company adopted the "Accounting Standards for Revenue Recognition" and other standards, 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 "FY 3/24" and "FY 3/25" in the table below do not match the sales in the consolidated profit-and-loss statements.

While the sales in the fields of Law and Financial Services & Real Estate grew, the sales in the fields of Finance & Accounting and Medical & Welfare declined.

Sales on an accrual basis by Certification Category

	FY 3/24	Share	FY 3/25	Share	YoY Change
Finance, Accounting	3,313	17.3%	3,025	15.8%	-8.7%
Management, Taxation	3,226	16.9%	3,380	17.6%	+4.8%
Financial Service, Real Estate	4,657	24.4%	5,035	26.3%	+8.1%
Law	1,300	6.8%	1,426	7.4%	+9.6%
Public Officer, Labor	3,557	18.6%	3,314	17.3%	-6.8%
IT, International	1,644	8.6%	1,714	9.0%	+4.3%
Medical, Welfare	266	1.4%	247	1.3%	-7.1%
Others	1,138	6.0%	1,009	5.3%	-11.3%
Total	19,105	100.0%	19,155	100.0%	+0.3%

*Unit: Million yen

【Market Overview】

In the fiscal year ended March 2025, the number of people taking TAC's courses dropped 0.3% year on year to 199,439, of which the number of individual course attendees stood at 111,422 (up 0.3% or 329) and the number of corporate course attendees was 88,017 (down 0.9% or 830). Regarding the performance of each course, while the number of individual and corporate course attendees increased 4.1% year on year in the Bookkeeping course, 1.9% in the Certified Public Tax Accountant course, 19.3% in the Real Estate Appraiser course, 15.6% in the Financial Planner course, 36.3% in the Architects and Building Engineers course, 12.1% in the Certified Administrative Procedures Legal Specialist course, 10.1% in the CompTIA course, it went down 16.5% in the Certified Public Accountant course, 13.2% in the Licensed Strata Management Consultant/Licensed Representative of Condominium Management Company course, 12.0% in the Business School course, 14.8% in the Government officials (RS&LG (*1)) course, and 14.7% in the USCPA course. The number of corporate course attendees increased 0.9% year on year in distance learning courses, declined 11.0% in university seminars, 6.8% at affiliated schools, and 12.4% in commissioned training.

(*1) RS&LG: Regular Service & Local Government

(4) Financial Conditions

◎Main Balance Sheet Items

	End of March 2024	End of March 2025		End of March 2024	End of March 2025
Cash and deposits	5,745	6,470	Notes and Accounts Payable - trade	580	459
Notes and Accounts Receivable - trade	4,259	3,903	Provision for Loss on Abandonment of Sales Return	377	301
Inventories	936	1,014	Advances Received	5,462	5,512
Current Assets	11,622	12,009	Asset Retirement Obligation	656	628
Property, Plant and Equipment	4,855	4,712	Interest Bearing Liabilities	5,649	5,332
Intangible Assets	303	325	Liabilities	14,918	14,711
Investments and Other Assets	4,008	3,895	Net Assets	5,872	6,231
Non-current Assets	9,168	8,933	Total Liabilities, Net Assets	20,790	20,942

*Units: Million yen

Current assets increased 386 million yen from the end of the previous fiscal year owing mainly to an increase in cash and deposits. Non-current assets decreased 234 million yen from the end of the previous fiscal year. Total assets stood at 20,942 million yen, up 151 million yen from the end of the previous fiscal year.

Total liabilities went down 207 million yen from the end of the previous year to 14,711 million yen because chiefly of a drop in interest bearing liabilities.

Owing to such factors as a rise in retained earnings, net assets grew 359 million yen from the end of the previous fiscal year to 6,231 million yen.

As a result, capital-to-asset ratio rose 1.5 points from the end of the previous fiscal year to 29.7%.

3. Fiscal Year ending March 2026 Earnings Estimates

(1) Consolidated Earnings

	FY 3/25 Act.	Share	FY 3/26 Est	Share	YoY Change
Sales	19,196	100.0%	19,260	100.0%	+0.3%
Gross profit	7,708	40.2%	-	-	-
SG&A	6,982	36.4%	-	-	-
Operating income	725	3.8%	740	3.8%	+1.9%
Ordinary income	736	3.8%	700	3.6%	-5.0%
Net profit	467	2.4%	470	2.4%	+0.5%

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

Projecting increases in sales and operating income

For the fiscal year ending March 2026, the company is forecasting sales of 19,260 million yen, up 0.3% year on year, and an operating income of 740 million yen, up 1.9% year on year. In order to promote sustainable business activities and medium-to long-term growth, the company will thrive to (1) strengthen the profitability of Personal Education, (2) increase human capital, and (3) improve price-book value ratio.

To achieve the plan, the company will expand its product lineup for online live courses. It will also work to receive more orders for training services in response to the growing demand for human resources development. Efforts will be made to sell content aimed at improving digital literacy and to approach job advertisement opportunities other than accounting-related qualifications. In terms of profit, the company will continue to review and revise the scale of its directly operated school campuses. It will respond to the demand for online learning by streamlining course operations and plan to continue working on improving operational efficiency.

Ordinary income is expected to decrease 5.0% year on year to 700 million yen, while net income is projected to increase 0.5% year on year to 470 million yen. The company plans to pay a dividend of 7.00 yen/share (including a dividend of 3.00 yen/share for the end of the first half of the fiscal year), up 3.00 yen/share year on year. The projected dividend payout ratio is 27.0%.

4. Conclusions

The company presented a policy of reforming the cost structure and striving to ensure reasonable profit at the beginning of the fiscal year ended March 2025. Regarding quarterly results, the second quarter was a peak period, with a large increase in profit, followed by a large improvement in profit and loss in each quarter, and the company moved into the black for the full year, far exceeding its forecast. In the previous report, while operating income was projected to be 598 million yen under the assumption that the earnings in the second half of the fiscal year were as forecast, the result far exceeded it.

In addition, sales were also on a downward trend until the first quarter of the fiscal year ended March 2025, but have been increasing, albeit slightly, since the second quarter, and the company is beginning to get on track with "top line expansion," which was an issue mentioned in the previous report. The issue that the company needs to tackle in the future will be how it continues to further expand the top line. While the learning environment is shifting to a new one that is centered largely on online education, the company is taking various measures against the transition. It takes new initiatives when necessary, and we would like to keep an eye on how it will diversify its sources of earnings.

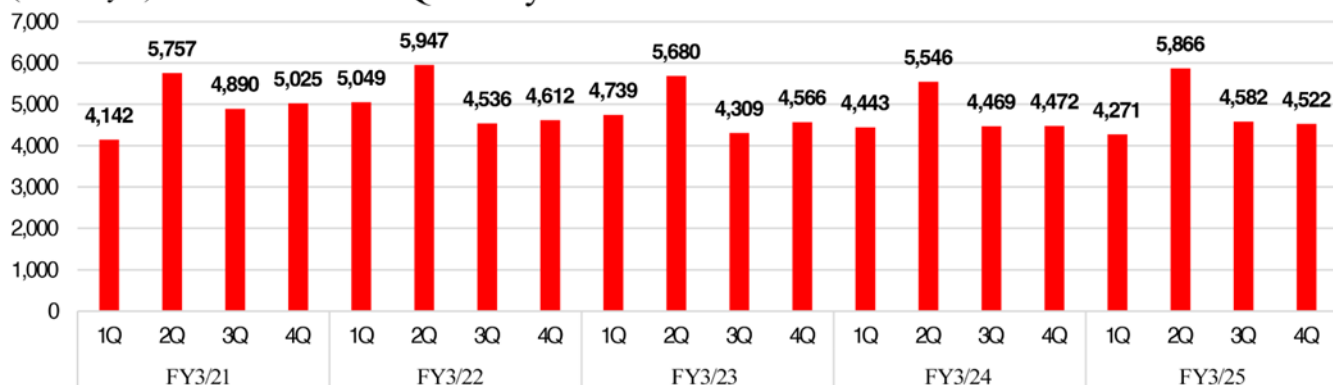
While the company's stock price rose, its price-book value ratio (PBR) is still significantly lower than 1.0. The company considers that it is essential to expand its top line in order to steadily achieve a PBR of over 1.0, and it seems like they are getting the hang of it. After the release of this financial statement, the expected EPS has increased significantly, and the improvement in stock price is projected to continue, because PER indicates that their stock is undervalued.

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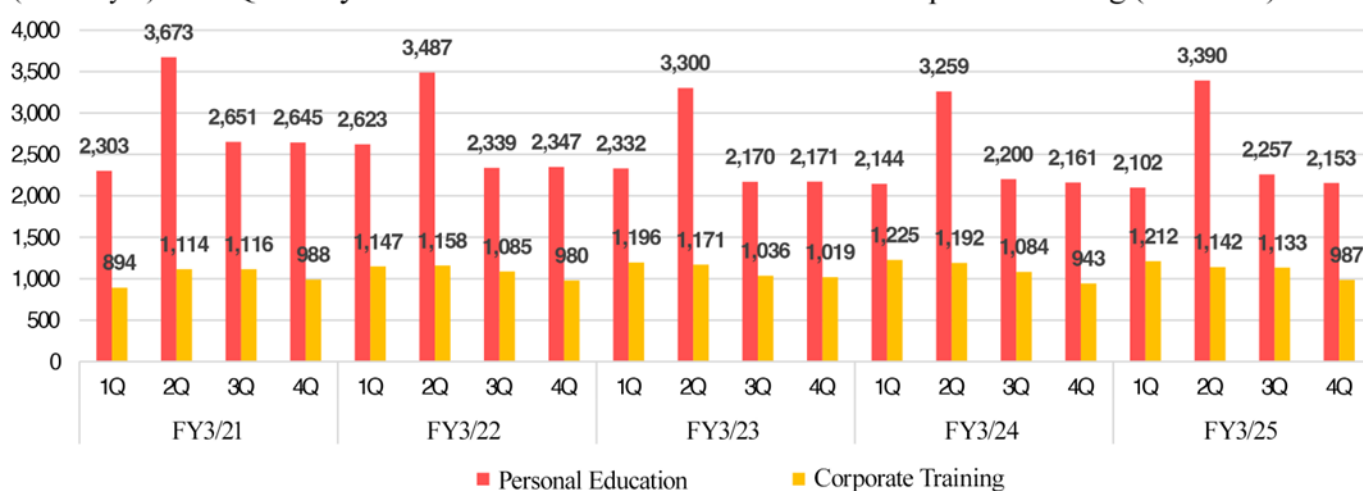
(Million yen)

Quarterly trend of sales on a cash basis



(Million yen)

Quarterly trend of sales in Personal Education and Corporate Training (cash basis)



<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	11 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 November 15, 2024

<Basic Policy>

The company's basic policy regarding corporate governance is to put importance on prompt decision-making. The company currently has nine 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.

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Supplementary Principle 2-4 (1)	<p>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.</p> <p>Moreover, most of our business activities are conducted in Japan, and we do not have any appointment history of foreigners for the 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>

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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 not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

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