

**Summary****Consolidated Financial Results  
for the Three Months Ended June 30, 2018 <JGAAP>**

August 3, 2018

Company name: TAC CO., LTD.

Listing: Tokyo Stock Exchange

Company code number: 4319

URL: <http://www.tac-school.co.jp>

Representative: Hiroaki Saito, Representative Director

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Scheduled date to commence dividend payments: -

Scheduled date to submit the annual securities report of the 1st quarter: August 9, 2018

Supplemental information for financial statements: Yes

Results briefing session: No

(Amounts rounded down to the nearest million yen)

**1. Consolidated 1st quarter results for the fiscal year ending March 2019**

(From April 1, 2018 to June 30, 2018)

**(1) Consolidated financial results**

(% indicates changes from the previous corresponding period)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
June 2018 1 <sup>st</sup> quarter	(Yen in millions) 5,607 % -2.1	(Yen in millions) 561 % -21.6	(Yen in millions) 560 % -18.6	(Yen in millions) 385 % -16.7
June 2017 1 <sup>st</sup> quarter	5,728 0.1	716 -5.2	688 -7.8	463 -16.8

(Notes) Comprehensive income: Fiscal 2018 1<sup>st</sup> quarter 385million yen (-14.8%) Fiscal 2017 1<sup>st</sup> quarter 453million yen (-13.5%)

	Profit per share	Fully diluted profit per share
June 2018 1 <sup>st</sup> quarter	(Yen) 20.85	(Yen) —
June 2017 1 <sup>st</sup> quarter	25.05	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity Ratio
June 2018 1 <sup>st</sup> quarter	(Yen in millions) 20,756	(Yen in millions) 5,621	% 27.1
Fiscal 2017(2018/3)	21,618	5,291	24.5

(Notes) Equity Fiscal 2018 1<sup>st</sup> quarter 5,616 Million yen Fiscal 2017 (2018/3) 5,286 Million yen**2. Dividends**

	Annual dividends Per Share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Total
Fiscal2017(2018/3)	(Yen) —	(Yen) 2.00	(Yen) —	(Yen) 3.00	(Yen) 5.00
Fiscal2018 (2019/3)	—	—	—	—	—
(Forecast) Fiscal2018 (2019/3)	—	4.00	—	4.00	8.00

(Note) Revision of dividend forecasts in the current quarter: None

**3. Consolidated forecasts for March 2019 term (From April 1, 2018 to March 31,2019)**

(% indicates changes from the previous corresponding period)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Half year	(Yen in millions) 11,260 % 1.3	(Yen in millions) 1,140 % 9.6	(Yen in millions) 1,125 % 13.3	(Yen in millions) 700 % 5.6	(Yen) 37.83
Full year	21,200 1.2	910 9.1	880 19.6	550 24.2	29.72

(Note) Revision of consolidated financial results forecasts: None

**\* Notes**

- (1) Significant changes in scope of consolidation (Changes in consolidated subsidiaries): None
- (2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- (3)-1 Changes in accounting policies due to the revision of accounting standards: None
- (3)-2 Changes in accounting policies other than (3)-1: None
- (3)-3 Changes in accounting estimates: None
- (3)-4 Restatements: None
- (4) Number of shares issued (common stocks)
- |  |                                      |                   |                                      |                   |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|
| (4)-1 Number of shares issued at the end of the period (including treasury shares) | June 2018<br>1 <sup>st</sup> quarter | 18,504,000 Shares | Fiscal Year<br>2017                  | 18,504,000 shares |
| (4)-2 Number of treasury shares at the end of the period                           | June 2018<br>1 <sup>st</sup> quarter | 68 Shares         | Fiscal Year<br>2017                  | 68 shares         |
| (4)-3 Average number of shares during the period                                   | June 2018<br>1 <sup>st</sup> quarter | 18,503,932 Shares | June 2017<br>1 <sup>st</sup> quarter | 18,503,932 shares |

\* This "Consolidated Financial Results" are outside the scope of the audit.

\* Explanation of proper use of financial forecasts and other special notes:

The above forecasts are based on the information available at this time and on assumptions deemed to be reasonable. Therefore, the actual financial results may differ significantly from the forecasts due to various factors.

**Quarterly Consolidated Financial Statements and notes****(1) Consolidated balance sheet**

	Previous fiscal year (as of March 31, 2018)	(Yen in thousands) Current 1st quarter (as of June 30, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,973,428	4,590,557
Notes and accounts receivable - trade	3,781,337	3,885,949
Securities	700,100	100
Merchandise and finished goods	333,344	360,269
Work in process	28,252	27,327
Raw materials and supplies	331,436	335,473
Accounts receivable - other	9,478	9,615
Prepaid expenses	371,624	356,824
Beneficiary right in safeguarding and trust system for advance payments	560,647	727,341
Other	16,657	17,346
Allowance for doubtful accounts	-3,668	-2,749
<b>Total current assets</b>	<b>11,102,640</b>	<b>10,308,055</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other	1,859,904	1,843,983
<b>Total intangible assets</b>	<b>4,604,063</b>	<b>4,588,142</b>
Intangible assets	351,879	341,816
<b>Investments and other assets</b>		
Investment securities	1,168,401	1,153,925
Investments in capital of subsidiaries and associates	15,010	15,001
Deferred tax assets	367,063	328,855
Long-term time deposits	100,000	100,000
Guarantee deposits	2,919,939	2,933,440
Insurance funds	919,657	919,657
Other	115,830	113,610
Allowance for doubtful accounts	-46,120	-46,065
<b>Total Investments and other assets</b>	<b>5,559,783</b>	<b>5,518,425</b>
<b>Total non-current assets</b>	<b>10,515,726</b>	<b>10,448,384</b>
<b>Total assets</b>	<b>21,618,367</b>	<b>20,756,440</b>

(Yen in thousands)

	Previous fiscal year (as of March 31, 2018)	Current 1st quarter (as of June 30, 2018)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable - trade	473,104	393,726
Short-term loans payable	790,000	790,000
Current portion of long-term loans payable	1,473,696	1,336,576
Operating accounts payable	522,053	424,703
Accrued expenses	426,116	503,835
Income taxes payable	162,250	153,950
Provision for sales returns	413,117	435,726
Provision for loss on abandonment of sales return	343,454	295,332
Provision for bonuses	175,202	88,190
Advances received	6,284,424	5,679,456
Other	220,192	294,045
<b>Total current liabilities</b>	<b>11,283,611</b>	<b>10,395,543</b>
<b>Non-current liabilities</b>		
Long-term loans payable	4,202,656	3,898,672
Long-term accounts payable - directors' retirement benefits	119,397	119,397
Asset retirement obligations	627,651	633,827
Provision for repairs	37,300	37,300
Other	55,766	50,039
<b>Total non-current liabilities</b>	<b>5,042,772</b>	<b>4,739,236</b>
<b>Total liabilities</b>	<b>16,326,383</b>	<b>15,134,779</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	3,591,799	3,922,131
Treasury shares	-25	-25
<b>Total shareholders' equity</b>	<b>5,322,522</b>	<b>5,652,854</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	-54,700	-53,368
Foreign currency translation adjustment	18,740	17,089
<b>Total accumulated other comprehensive income</b>	<b>-35,960</b>	<b>-36,279</b>
<b>Non-controlling interests</b>	<b>5,421</b>	<b>5,085</b>
<b>Total net assets</b>	<b>5,291,983</b>	<b>5,621,660</b>
<b>Total liabilities and net assets</b>	<b>21,618,367</b>	<b>20,756,440</b>

**(2) Consolidated statement of income and Consolidated statement of comprehensive income**

## Consolidated statement of income

	FY2017 1st quarter (April 1, 2017 -June.30, 2017)	Current 1st quarter (April.1 2018-June.30,2018)	(Yen in thousands)
Net sales	5,728,513	5,607,423	
Cost of sales	3,112,510	3,087,249	
Gross profit	2,616,003	2,520,174	
Reversal of provision for sales returns	353,500	413,117	
Provision for sales returns	292,355	435,726	
Gross profit - net	2,677,148	2,497,565	
Selling, general and administrative expenses	1,961,116	1,936,499	
Operating profit	716,031	561,066	
Non-operating income			
Interest income	7,291	4,851	
Foreign exchange gains	-	130	
Gain on investments in investment securities	10,949	6,173	
Other	2,171	1,599	
Total non-operating income	20,411	12,755	
Non-operating expenses			
Interest expenses	14,562	12,020	
Share of loss of entities accounted for using equity method	1,312	739	
Foreign exchange losses	752	-	
Commission fee	31,000	-	
Other	81	649	
Total non-operating expenses	47,710	13,409	
Ordinary profit	688,733	560,412	
Profit before income taxes	688,733	560,412	
Income taxes – current	177,867	136,527	
Income taxes - deferred	46,997	37,619	
Total income taxes	224,864	174,146	
Profit	463,868	386,265	
Profit attributable to non-controlling interests	391	422	
Profit attributable to owners of parent	463,477	385,843	

## Consolidated statement of comprehensive income

	(Yen in thousands)	
	FY2017 1st quarter (April.1 2017-June.30, 2017)	Current 1st quarter (April.1 2018-June.30, 2018)
Profit	463,868	386,265
Other comprehensive income		
Valuation difference on available-for-sale securities	-12,031	1,332
Foreign currency translation adjustment	1,190	-1,523
Share of other comprehensive income of entities accounted for using equity method	87	-127
Total other comprehensive income	-10,752	-318
Comprehensive income	453,116	385,946
Comprehensive income attributable to:		
owners of the parent	452,724	385,524
non-controlling interests	391	422

**(3) Note for Consolidated Financial Statements**

(Going-Concern Assumption)

None

(Segment information)

I, First quarter of the previous fiscal year (April 1, 2017 - June 30, 2017)

(A) Information about net sales, profit or loss by the reporting segments

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Sales					
(1) External customers	3,160,363	1,099,896	722,559	181,034	5,163,853
(2) Intersegment and transfer	651	-	43	9,416	10,112
Total	3,161,015	1,099,896	722,602	190,451	5,173,965
Segment profit(loss)	25,857	279,463	108,726	25,142	439,190

(Notes) We attach great importance to sales before adjustment of tuition advances (sales on a cash basis) for business management purposes in a part of the Personal Education segment and the Corporate Trainning segment. For this reason, sales and operating profit/loss before adjustment of tuition advances (cash basis) are used for reporting segments.

(B) Difference between the total amounts of the reporting segments and the amounts of the Quarterly Consolidated Financial Statements, and the main components of the difference (matters related to adjustment of difference)

(Yen in thousands)

Profit	Amount
Total operating profit of reporting segments	439,190
Corporate expenses	-287,819
Adjustment of tuition advances	564,660
Operating profit of the consolidated financial statements	716,031

(Note)1. Adjustment of tuition advances is applied to sales before adjustment of tuition advances (sales on a cash basis) to obtain sales on an accrual basis (sales recorded on the income statement).

2. Corporate expenses are mainly general administration expenses that do not belong to any reporting segments.

(C) Information on amortization of goodwill and unamortized balance by each reporting segment

None

## II, First quarter of the current fiscal year (April 1, 2018 – June 30, 2018)

## (A) Information about net sales, profit or loss by the reporting segments

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Sales					
(1) External customers	2,912,188	1,119,780	725,693	189,986	4,947,648
(2) Intersegment and transfer	467	-	-	10,170	10,638
Total	2,912,656	1,119,780	725,693	200,156	4,958,286
Segment profit(loss)	-238,754	279,648	86,205	40,403	167,503

(Notes) We attach great importance to sales before adjustment of tuition advances (sales on a cash basis) for business management purposes in a part of the Personal Education segment and the Corporate Trainning segment. For this reason, sales and operating profit/loss before adjustment of tuition advances (cash basis) are used for reporting segments.

## (B) Difference between the total amounts of the reporting segments and the amounts of the Quarterly Consolidated Financial Statements, and the main components of the difference (matters related to adjustment of difference)

(Yen in thousands)

Profit	Amount
Total operating profit of reporting segments	167,503
Corporate expenses	-266,212
Adjustment of tuition advances	659,774
Operating profit of the consolidated financial statements	561,066

(Note)1. Adjustment of tuition advances is applied to sales before adjustment of tuition advances (sales on a cash basis) to obtain sales on an accrual basis (sales recorded on the consolidated income statement).

2. Corporate expenses are mainly general administration expenses that do not belong to any reporting segment.

## (C) Information on amortization of goodwill and unamortized balance by each reporting segment

None