

## Summary

## Consolidated Financial Results for the Six Months Ended September 30, 2020 <JGAAP>

November 5, 2020

Company name: TAC Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Company code number: 4319  
 URL: <https://www.tac-school.co.jp>  
 Representative: Toshio Tada, Representative Director  
 Contact: Shoji Nonaka, Manager of IR department Tel: +81-3-5276-8913  
 Scheduled date to commence dividend payments: December 3, 2020  
 Scheduled date to submit the annual securities report of the 2nd quarter: November 12, 2020  
 Supplemental information for financial statements: Yes  
 Results briefing session: Yes (for investors and analysts)

(Amounts rounded down to the nearest million yen)

### 1. Consolidated 2nd quarter results for the fiscal year ending March 2021

(From April 1, 2020 to September 30, 2020)

#### (1) Consolidated financial results

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
FY2020 (Apr.1,2020-Sep.30,2020)	10,144	-8.0	907	-21.6	1,062	-15.3	733	-4.9
FY2019 (Apr.1,2019-Sep.30,2019)	11,025	1.6	1,157	34.3	1,253	46.6	771	29.6

(Notes) Comprehensive income: FY2020(2020/9) 753 million yen (-4.2%) FY2019(2019/9) 786 million yen (32.8%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2020 (Apr.1,2020-Sep.30,2020)	39.64	—
FY2019 (Apr.1,2019-Sep.30,2019)	41.67	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2020 (As of Sep.30,2020)	20,974	6,175	29.4
FY2019 (As of Mar.31,2020)	20,253	5,478	27.0

(Notes) Equity FY2020(2020/9) 6,168 million yen FY2019(2020/3) 5,471 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
FY2019 (Apr.1,2019-Mar.31,2020)	(Yen) —	(Yen) 2.00	(Yen) —	(Yen) 3.00	(Yen) 5.00
FY2020 (Apr.1,2020-Mar.31,2021)	—	2.00			
FY2020(Forecast)			—	3.00	5.00

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

### 3. Consolidated forecasts for March 2021 term (From April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
Full year	20,350	0.1	690	325.6	684	162.3	410	296.8	22.16

(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)

(4)-2 Number of treasury shares at the end of the period

(4)-3 Average number of shares during the period

FY2020 2 <sup>nd</sup> quarter	18,504,000 shares	FY2019	18,504,000 shares
FY2020 2 <sup>nd</sup> quarter	68 shares	FY2019	68 shares
FY2020 2 <sup>nd</sup> quarter	18,503,932 shares	FY2019 2 <sup>nd</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.

\* The consolidated forecasts and dividend forecasts for the fiscal year ending March 2021 announced on May 15, 2020 do not reflect the impact of the spread of the new coronavirus. We would announce the revised consolidated forecasts and dividend forecasts again if it is necessary to revise those due to the infection status of the new coronavirus or other factors.

**Quarterly consolidated financial statements and notes****(1) Quarterly consolidated balance sheet**

(Yen in thousands)

	FY2019 (as of March 31, 2020)	FY2020 (as of September 30, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,287,322	5,342,027
Notes and accounts receivable - trade	3,860,003	4,080,402
Securities	200,085	200,011
Merchandise and finished goods	514,042	384,448
Work in process	10,116	12,984
Raw materials and supplies	341,476	358,381
Accounts receivable – other	51,532	9,940
Prepaid expenses	407,428	370,841
Other	52,271	41,238
Allowance for doubtful accounts	-7,310	-6,943
<b>Total current assets</b>	<b>9,716,969</b>	<b>10,793,334</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Land	2,744,159	2,744,159
Other	2,002,678	1,967,398
<b>Total property, plant and equipment</b>	<b>4,746,837</b>	<b>4,711,557</b>
Intangible assets	300,168	261,047
<b>Investments and other assets</b>		
Investment securities	1,349,053	1,070,382
Investments in capital of subsidiaries and associates	6,385	6,385
Deferred tax assets	455,211	369,966
Long-term time deposits	100,000	100,000
Guarantee deposits	2,806,899	2,878,823
Insurance funds	604,882	608,813
Other	199,070	206,919
Allowance for doubtful accounts	-32,277	-32,264
<b>Total Investments and other assets</b>	<b>5,489,224</b>	<b>5,209,026</b>
<b>Total non-current assets</b>	<b>10,536,230</b>	<b>10,181,630</b>
<b>Total assets</b>	<b>20,253,199</b>	<b>20,974,965</b>

(Yen in thousands)

	FY2019 (as of March 31, 2020)	FY2020 (as of September 30, 2020)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable – trade	495,222	406,162
Short-term loans payable	790,000	1,590,000
Current portion of long-term loans payable	1,141,360	915,846
Accounts payable - other	351,277	427,008
Accrued expenses	488,107	459,114
Income taxes payable	18,783	293,938
Provision for sales returns	499,824	340,609
Provision for loss on abandonment of sales return	313,257	236,190
Provision for bonuses	192,146	187,914
Advances received	6,176,689	6,052,018
Other	258,839	227,439
<b>Total current liabilities</b>	<b>10,725,508</b>	<b>11,136,243</b>
<b>Non-current liabilities</b>		
Long-term loans payable	3,256,063	2,845,105
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	693,765	717,774
Provision for repairs	37,300	37,300
Other	37,353	38,127
<b>Total non-current liabilities</b>	<b>4,049,559</b>	<b>3,663,384</b>
<b>Total liabilities</b>	<b>14,775,067</b>	<b>14,799,628</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	3,764,284	4,442,306
Treasury shares	-25	-25
<b>Total shareholders' equity</b>	<b>5,495,006</b>	<b>6,173,028</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	-30,666	-13,226
Foreign currency translation adjustment	6,685	8,645
<b>Total accumulated other comprehensive income</b>	<b>-23,980</b>	<b>-4,581</b>
<b>Non-controlling interests</b>	<b>7,105</b>	<b>6,889</b>
<b>Total net assets</b>	<b>5,478,131</b>	<b>6,175,336</b>
<b>Total liabilities and net assets</b>	<b>20,253,199</b>	<b>20,974,965</b>

**(2) Quartely consolidated statement of income and quartely consolidated statement of comprehensive income**  
**Quarterly consolidated statement of income**

	(Yen in thousands)	
	FY2019 (Apr. 1, 2019-Sep. 30, 2019)	FY2020 (Apr. 1, 2020-Sep. 30, 2020)
Net sales	11,025,691	10,144,676
Cost of sales	6,248,418	5,834,383
Gross profit	4,777,273	4,310,293
Reversal of provision for sales returns	505,634	499,824
Provision for sales returns	385,980	340,609
Gross profit – net	4,896,927	4,469,507
Selling, general and administrative expenses	3,739,725	3,561,878
Operating profit	1,157,201	907,628
Non-operating income		
Interest income	9,021	4,917
Insurance claim income	95,625	—
Foreign exchange gains	796	—
Subsidy income	—	149,490
Gain on investments in investment securities	4,761	5,681
Share of profit of entities accounted for using equity method	1,736	1,349
Other	8,676	21,493
Total non-operating income	120,618	182,933
Non-operating expenses		
Interest expenses	21,696	19,615
Commission fee	2,111	3,092
Foreign exchange losses	—	237
Other	67	5,499
Total non-operating expenses	23,875	28,443
Ordinary profit	1,253,943	1,062,118
Extraordinary income		
Gain on sales of non-current assets	—	376
Total extraordinary income	—	376
Extraordinary losses		
Loss on sales and retirement of non-current assets	3,258	7,689
Special retirement payments	155,680	—
Total extraordinary losses	158,938	7,689
Profit before income taxes	1,095,004	1,054,805
Income taxes – current	285,139	243,120
Income taxes – deferred	37,951	77,547
Total income taxes	323,090	320,668
Profit	771,914	734,136
Profit attributable to non-controlling interests	815	602
Profit attributable to owners of parent	771,098	733,533

**Consolidated statement of comprehensive income**

	(Yen in thousands)	
	FY2019 (Apr. 1, 2019-Sep. 30, 2019)	FY2020 (Apr. 1, 2020-Sep. 30, 2020)
Profit	771,914	734,136
Other comprehensive income		
Valuation difference on available-for-sale securities	25,048	17,440
Foreign currency translation adjustment	-9,593	1,959
Share of other comprehensive income of entities accounted for using equity method	-741	—
Total other comprehensive income	14,713	19,399
Comprehensive income	786,627	753,536
(Breakdown)		
Comprehensive income attributable to owners of parent	785,812	752,933
Comprehensive income attributable to non-controlling interests	815	602

**(4) Consolidated statement of cash flows**

(Yen in thousands)

	FY2019 (Apr. 1, 2019-Sep. 30, 2019)	FY2020 (Apr. 1, 2020-Sep. 30, 2020)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	1,095,004	1,054,805
Depreciation	146,135	153,656
Increase (decrease) in allowance for doubtful accounts	-430	-379
Increase (decrease) in provision for bonuses	1,021	-4,231
Increase (decrease) in provision for sales returns	-119,653	-159,214
Increase (decrease) in provision for loss on abandonment of sales return	-42,317	-77,067
Interest and dividend income	-9,057	-4,953
Insurance claim income	-95,625	—
Subsidy income	—	-149,490
Interest expenses	21,696	19,615
Commission fee	2,111	3,092
Loss(gain) on investments in investment securities	-4,761	-5,681
Share of loss (profit) of entities accounted for using equity method	-1,736	-1,349
Decrease (increase) in notes and accounts receivable - trade	-916,888	-220,300
Decrease (increase) in inventories	121,575	109,820
Increase (decrease) in notes and accounts payable - trade	-84,617	-89,097
Increase (decrease) in advances received	583,326	-124,670
Increase (decrease) in beneficiary right in safeguarding and trust system for advance payment	537,709	—
Other, net	-193,158	154,721
Sub-total	1,040,334	659,273
Interest and dividend income received	19,497	16,308
Interest expenses paid	-21,812	-19,675
Income tax refund	32,252	73,717
Income taxes paid	-70,289	-32,459
Proceeds from subsidy income	—	149,490
Net cash provided by operating activities	999,982	846,655
<b>Cash flows from investing activities</b>		
Purchase of securities	-100,000	—
Purchase of property, plant and equipment	-94,980	-65,916
Payments for restoration	-9,150	-48,029
Purchase of intangible assets	-18,566	-12,463
Purchase of investment securities	-202,717	—
Proceeds from sales and redemption of investment securities	133,142	303,228
Collection of loans receivable	6,410	5,954
Payments for guarantee deposits	-1,288	-101,316
Proceeds from collection of guarantee deposits	14,822	29,411
Purchase of insurance funds	-318,894	—
Proceeds from maturity of insurance funds	573,323	—
Other, net	—	1,244
Net cash provided by (used in) investing activities	-17,899	112,113

(Yen in thousands)

	FY2019 (Apr. 1, 2019-Sep. 30, 2019)	FY2020 (Apr. 1, 2020-Sep. 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	500,000	800,000
Proceeds from long-term loans payable	300,000	—
Repayments of long-term loans payable	-660,622	-636,472
Cash dividends paid	-73,664	-55,077
Dividends paid to non-controlling interests	-796	-819
Repayments of lease obligations	-12,491	-11,253
Other, net	-2,111	-2,092
Net cash provided by (used in) financing activities	50,312	94,286
Effect of exchange rate change on cash and cash equivalents	-8,105	1,576
Net increase (decrease) in cash and cash equivalents	1,024,290	1,054,631
Cash and cash equivalents at the beginning of the period	5,165,236	4,257,025
Cash and cash equivalents at the end of the period	6,189,526	5,311,656



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

(Going-Concern Assumption)

None

(Notes on significant changes in the amount of shareholders' equity )

None

(Segment information)

I, Second quarter of the previous fiscal year (April 1, 2019 – September 30, 2019)

(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	
Net Sales					
(1) External customers	7,009,138	2,535,287	1,619,953	309,543	11,473,922
(2) Intersegment and transfer	894	—	—	29,555	30,450
Total	7,010,032	2,535,287	1,619,953	339,099	11,504,372
Segment profit(loss)	788,987	831,103	462,931	85,299	2,168,320

(Note) 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 Training 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	2,168,320
Corporate expenses	-562,888
Adjustment of tuition advances	-448,231
Operating profit of the quarterly consolidated financial statements	1,157,201

(Notes)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 about impairment of fixed assets or goodwill by each reporting segment

None

## II, Second quarter of the current fiscal year (April 1, 2020 – September 30, 2020)

## (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	
Net Sales					
(1) External customers	5,976,280	2,009,302	1,659,824	254,450	9,899,856
(2) Intersegment and transfer	798	—	—	24,148	24,947
Total	5,977,078	2,009,302	1,659,824	278,598	9,924,803
Segment profit(loss)	37,377	504,643	637,988	59,543	1,239,553

(Note) 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 Training 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	1,239,553
Corporate expenses	-576,744
Adjustment of tuition advances	244,819
Operating profit of the quarterly consolidated financial statements	907,628

(Notes)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 about impairment of fixed assets or goodwill by each reporting segment

None