

Summary

Consolidated Financial Results for the Nine Months Ended December 31, 2020 <JGAAP>

February 5, 2021

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
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 Scheduled date to commence dividend payments: -
 Scheduled date to submit the annual securities report of the 3rd quarter: February 12, 2021
 Supplemental information for financial statements: Yes
 Results briefing session: No

(Amounts rounded down to the nearest million yen)

1. Consolidated 3rd quarter results for the fiscal year ending March 2021

(From April 1, 2020 to December 31, 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 - Dec.31, 2020)	14,694	-4.9	541	3.6	701	13.0	477	64.6
FY2019 (Apr.1, 2019 - Dec.31, 2019)	15,448	-0.4	523	-2.5	620	3.1	290	-32.4

(Notes) Comprehensive income: FY2020(2020/12) 493 million yen (65.1%) FY2019(2019/12) 298 million yen (-28.8%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2020 (Apr.1, 2020 - Dec.31, 2020)	25.80	—
FY2019 (Apr.1, 2019 - Dec.31, 2019)	15.68	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2020 (As of Dec. 31, 2020)	20,758	5,878	28.3
FY2019 (As of Mar. 31, 2020)	20,253	5,478	27.0

(Notes) Equity FY2020(2020/12) 5,870 million yen FY2019(2020/3) 5,471 million yen

2. Dividends

	Annual dividends per share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th 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 2020 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)	FY2020 3 rd quarter	18,504,000 shares	FY2019	18,504,000 shares
(4)-2 Number of treasury shares at the end of the period	FY2020 3 rd quarter	68 shares	FY2019	68 shares
(4)-3 Average number of shares during the period	FY2020 3 rd quarter	18,503,932 shares	FY2019 3 rd 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:

1. 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.
2. 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 December 31, 2020)
Assets		
Current assets		
Cash and deposits	4,287,322	5,551,890
Notes and accounts receivable - trade	3,860,003	3,719,002
Securities	200,085	200,011
Merchandise and finished goods	514,042	522,159
Work in process	10,116	13,823
Raw materials and supplies	341,476	292,736
Accounts receivable – other	51,532	9,286
Prepaid expenses	407,428	350,958
Other	52,271	40,586
Allowance for doubtful accounts	-7,310	-6,725
Total current assets	9,716,969	10,693,729
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other	2,002,678	1,961,612
Total property, plant and equipment	4,746,837	4,705,771
Intangible assets	300,168	244,421
Investments and other assets		
Investment securities	1,349,053	1,123,349
Investments in capital of subsidiaries and associates	6,385	6,385
Deferred tax assets	455,211	329,686
Long-term time deposits	100,000	—
Guarantee deposits	2,806,899	2,873,968
Insurance funds	604,882	612,915
Other	199,070	200,820
Allowance for doubtful accounts	-32,277	-32,259
Total Investments and other assets	5,489,224	5,114,865
Total non-current assets	10,536,230	10,065,058
Total assets	20,253,199	20,758,787

(Yen in thousands)

	FY2019 (as of March 31, 2020)	FY2020 (as of December 31, 2020)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	495,222	579,548
Short-term loans payable	790,000	1,590,000
Current portion of long-term loans payable	1,141,360	809,876
Operating accounts payable	351,277	541,813
Accrued expenses	488,107	460,516
Income taxes payable	18,783	66,289
Provision for sales returns	499,824	369,729
Provision for loss on abandonment of sales return	313,257	219,723
Provision for bonuses	192,146	71,743
Advances received	6,176,689	6,374,799
Other	258,839	306,582
Total current liabilities	10,725,508	11,390,621
Non-current liabilities		
Long-term loans payable	3,256,063	2,690,305
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	693,765	705,231
Provision for repairs	37,300	37,300
Other	37,353	32,201
Total non-current liabilities	4,049,559	3,490,115
Total liabilities	14,775,067	14,880,737
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	3,764,284	4,149,132
Treasury shares	-25	-25
Total shareholders' equity	5,495,006	5,879,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-30,666	-19,950
Foreign currency translation adjustment	6,685	10,880
Total accumulated other comprehensive income	-23,980	-9,070
Non-controlling interests	7,105	7,265
Total net assets	5,478,131	5,878,050
Total liabilities and net assets	20,253,199	20,758,787

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Yen in thousands)

	FY2019 (Apr. 1, 2019 - Dec. 31, 2019)	FY2020 (Apr. 1, 2020 - Dec. 31, 2020)
Net sales	15,448,536	14,694,146
Cost of sales	9,351,466	8,869,999
Gross profit	6,097,069	5,824,147
Reversal of provision for sales returns	505,634	499,824
Provision for sales returns	417,224	369,729
Gross profit - net	6,185,479	5,954,241
Selling, general and administrative expenses	5,662,314	5,412,312
Operating profit	523,165	541,929
Non-operating income		
Interest income	12,363	7,239
Insurance income	95,625	—
Foreign exchange gains	1,129	—
Subsidy income	—	149,805
Gain on investments in investment securities	10,104	11,125
Share of profit of entities accounted for using equity method	3,889	6,370
Other	11,721	29,967
Total non-operating income	134,833	204,508
Non-operating expenses		
Interest expenses	32,217	29,235
Commission fee	5,220	6,132
Foreign exchange losses	—	420
Other	78	9,643
Total non-operating expenses	37,516	45,430
Ordinary profit	620,482	701,007
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	10,850	16,354
Special retirement payments	155,680	—
Total extraordinary losses	166,530	16,354
Profit before income taxes	453,951	685,028
Income taxes – current	86,574	85,885
Income taxes - deferred	76,070	120,796
Total income taxes	162,644	206,681
Profit	291,306	478,347
Profit attributable to non-controlling interests	1,243	979
Profit attributable to owners of parent	290,063	477,368

Consolidated statement of comprehensive income

	(Yen in thousands)	
	FY2019 (Apr. 1, 2019 - Dec. 31, 2019)	FY2020 (Apr. 1, 2020 - Dec. 31, 2020)
Profit	291,306	478,347
Other comprehensive income		
Valuation difference on available-for-sale securities	14,455	10,715
Foreign currency translation adjustment	-6,271	4,195
Share of other comprehensive income of entities accounted for using equity method	-741	—
Total other comprehensive income	7,443	14,910
Comprehensive income	298,749	493,257
(Breakdown)		
Comprehensive income attributable to owners of parent	297,506	492,278
Comprehensive income attributable to non-controlling interests	1,243	979

(3) Note for quarterly consolidated financial statements

(Going-Concern Assumption)

None

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

None

(Segment information)

I. Third quarter of the previous fiscal year (April 1, 2019 - December 31, 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	9,295,054	3,486,662	2,542,679	449,313	15,773,710
(2) Intersegment and transfer	11,826	—	—	39,915	51,742
Total	9,306,880	3,486,662	2,542,679	489,229	15,825,453
Segment profit (loss)	91,023	914,701	561,015	116,831	1,683,571

(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 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	1,683,571
Corporate expenses	-835,232
Adjustment of tuition advances	-325,173
Operating profit of the quarterly consolidated financial statements	523,165

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

None

II, Third quarter of the current fiscal year (April 1, 2020 – December 31, 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	8,627,142	3,125,328	2,671,725	366,163	14,790,360
(2) Intersegment and transfer	1,459	—	—	37,036	38,495
Total	8,628,601	3,125,328	2,671,725	403,200	14,828,856
Segment profit (loss)	-273,664	800,752	904,566	61,190	1,492,844

(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 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	1,492,844
Corporate expenses	-854,701
Adjustment of tuition advances	-96,213
Operating profit of the quarterly consolidated financial statements	541,929

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

None