

Summary

Consolidated Financial Results for the Three Months Ended June 30, 2022 <JGAAP>

August 5, 2022

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 1st quarter: August 12, 2022

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 2023

(From April 1, 2022 to June 30, 2022)

(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)	%
FY2022 (Apr.1,2022-Jun.30,2022)	5,575	-2.8	549	-11.7	534	-15.0	351	-18.8
FY2021 (Apr.1,2021-Jun.30,2021)	5,736	12.4	622	21.4	628	22.5	432	23.6

(Notes) Comprehensive income : FY 2022 (2022/6) 352 million yen (-22.5%) FY 2021 (2021/6) 454 million yen (25.0%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2022 (Apr.1,2022-Jun.30,2022)	18.98	—
FY2021 (Apr.1,2021-Jun.30,2021)	23.38	—

(2) Consolidated financial position

	Total assets	Net assets	Equity Ratio
	(Yen in millions)	(Yen in millions)	%
FY2022 (As of Jun. 30, 2022)	20,110	6,470	32.1
FY2021 (As of Mar. 31, 2022)	21,384	6,174	28.8

(Notes) Equity FY2022 (2022/6) 6,462 million yen FY2021 (2022/3) 6,165 million yen

2. Dividends

	Annual dividends Per Share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
FY2021 (Apr.1,2021-Mar.31,2022)	(Yen) —	(Yen) 3.00	(Yen) —	(Yen) 3.00	(Yen) 6.00
FY2022 (Apr.1,2022-Mar.31,2023)	—	—	—	—	—
FY2022 (Forecast)	—	3.00	—	3.00	6.00

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

3. Consolidated forecasts for March 2023 term (From April 1, 2022 to March 31, 2023)

(% 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
Half year	10,840	-2.8	1,035	-6.9	1,014	-12.2	696	-10.3	37.61
Full year	20,450	-0.1	650	57.3	608	37.4	400	-10.1	21.62

(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: Yes

(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)

FY2022 1 st quarter	18,504,000	shares	FY2021	18,504,000	shares	
(4)-2 Number of treasury shares at the end of the period	FY2022 1 st quarter	68	shares	FY2021	68	shares
(4)-3 Average number of shares during the period	FY2022 1 st quarter	18,503,932	shares	FY2021 1 st 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) Quarterly consolidated balance sheet**

	(Yen in thousands)	
	FY2021 (as of March 31, 2022)	FY2022 (as of June 30, 2022)
Assets		
Current assets		
Cash and deposits	5,716,572	5,270,935
Notes and accounts receivable – trade	3,581,997	3,609,443
Securities	200,000	200,000
Merchandise and finished goods	444,792	416,858
Work in process	6,869	4,985
Raw materials and supplies	344,872	376,139
Accounts receivable – other	781,212	370,522
Prepaid expenses	354,030	282,853
Other	257,101	230,943
Allowance for doubtful accounts	-8,064	-6,851
Total current assets	11,679,384	10,755,830
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other, net	2,369,778	2,381,173
Total property, plant and equipment	5,113,937	5,125,332
Intangible assets	202,075	202,347
Investments and other assets		
Investment securities	582,515	563,544
Investments in capital of subsidiaries and associates	6,385	6,385
Deferred tax assets	372,776	285,212
Long-term time deposits	–	100,000
Guarantee deposits	2,654,130	2,294,932
Insurance funds	633,503	637,613
Other	165,522	165,347
Allowance for doubtful accounts	-25,779	-25,779
Total Investments and other assets	4,389,053	4,027,256
Total non-current assets	9,705,066	9,354,936
Total assets	21,384,451	20,110,767

	(Yen in thousands)	
	FY2021 (as of March 31, 2022)	FY2022 (as of June 30, 2022)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	515,084	477,164
Short-term loans payable	1,300,000	1,300,000
Current portion of long-term loans payable	794,792	753,954
Accounts payable - other	734,545	503,725
Accrued expenses	479,790	500,500
Income taxes payable	256,286	110,999
Provision for loss on abandonment of sales return	302,217	275,833
Provision for bonuses	197,151	70,155
Advances received	5,943,700	5,162,138
Asset retirement obligations	99,090	61,023
Other	839,657	838,497
Total current liabilities	11,462,315	10,053,992
Non-current liabilities		
Long-term loans payable	3,001,071	2,815,965
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	677,560	700,614
Provision for repairs	37,300	37,300
Other	6,453	7,432
Total non-current liabilities	3,747,463	3,586,389
Total liabilities	15,209,779	13,640,381
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	4,411,415	4,707,162
Treasury shares	-25	-25
Total shareholders' equity	6,142,138	6,437,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-15,822	-24,974
Foreign currency translation adjustment	39,645	49,352
Total accumulated other comprehensive income	23,823	24,377
Non-controlling interests	8,710	8,122
Total net assets	6,174,672	6,470,385
Total liabilities and net assets	21,384,451	20,110,767

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

Quarterly consolidated statement of income

(Yen in thousands)

	FY2021 (Apr. 1, 2021-Jun. 30, 2021)	FY2022 (Apr. 1, 2022-Jun. 30, 2022)
Net sales	5,736,298	5,575,768
Cost of sales	3,261,009	3,144,710
Gross profit	2,475,288	2,431,058
Selling, general and administrative expenses	1,852,615	1,881,214
Operating profit	622,673	549,843
Non-operating income		
Interest income	4,061	2,186
Gain on investments in investment securities	11,733	—
Other	3,335	2,949
Total non-operating income	19,130	5,136
Non-operating expenses		
Interest expenses	8,869	8,608
Commission expenses	2,051	2,301
Share of loss of entities accounted for using equity method	1,454	5,342
Foreign exchange losses	501	3,895
Other	3	1
Total non-operating expenses	12,879	20,149
Ordinary profit	628,924	534,830
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	2,299
Total extraordinary losses	—	2,299
Profit before income taxes	628,924	532,530
Income taxes – current	147,534	89,367
Income taxes - deferred	48,420	91,602
Total income taxes	195,955	180,969
Profit	432,969	351,560
Profit attributable to non-controlling interests	385	301
Profit attributable to owners of parent	432,584	351,258

Quarterly consolidated statement of comprehensive income

(Yen in thousands)

	FY2021 (Apr. 1, 2021-Jun. 30, 2021)	FY2022 (Apr. 1, 2022-Jun. 30, 2022)
Profit	432,969	351,560
Other comprehensive income		
Valuation difference on available-for-sale securities	19,135	-9,152
Foreign currency translation adjustment	2,240	9,706
Total other comprehensive income	21,376	554
Comprehensive income	454,345	352,114
(Breakdown)		
Comprehensive income attributable to owners of parent	453,960	351,813
Comprehensive income attributable to non-controlling interests	385	301

(3) Note for quarterly consolidated financial statements

(Going-Concern Assumption)

None

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

None

(Changes in accounting policy)

We applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) from the beginning of the current first quarter. In accordance with the transitional treatment set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, we have prospectively adopted the new accounting policy set forth in Implementation Guidance on Accounting Standard for Fair Value Measurement. This has no effect on the quarterly consolidated financial statements.

(Segment information)

I, First quarter of the previous fiscal year (April 1, 2021 - June 30, 2021)

(A) Information about net sales, profit or loss by the reporting segments and the breakdown of revenue

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Net sales					
Goods or services transferred at a point in time	7,495	233,937	1,141,163	25,659	1,408,256
Goods or services transferred over time	2,615,460	913,691	—	111,780	3,640,932
Revenue from contracts with customers	2,622,955	1,147,629	1,141,163	137,440	5,049,188
External customers	2,622,955	1,147,629	1,141,163	137,440	5,049,188
Intersegment and transfer	416	—	47	7,478	7,942
Total	2,623,372	1,147,629	1,141,210	144,918	5,057,131
Segment profit(loss)	-315,445	282,165	242,457	39,091	248,269

(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	248,269
Corporate expenses	-312,705
Adjustment of tuition advances	687,109
Operating profit of the consolidated financial statements	622,673

(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 segments.

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

None

II, First quarter of the current fiscal year (April 1, 2022 - June 30, 2022)

(A) Information about net sales, profit or loss by the reporting segments and the breakdown of revenue

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Net sales					
Goods or services transferred at a point in time	8,383	241,223	1,074,220	23,631	1,347,458
Goods or services transferred over time	2,323,113	955,510	—	113,530	3,392,154
Revenue from contracts with customers	2,331,497	1,196,733	1,074,220	137,162	4,739,613
External customers	2,331,497	1,196,733	1,074,220	137,162	4,739,613
Intersegment and transfer	523	—	14	7,215	7,753
Total	2,332,020	1,196,733	1,074,235	144,378	4,747,367
Segment profit(loss)	-539,573	316,796	238,200	32,349	47,773

(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	47,773
Corporate expenses	-334,085
Adjustment of tuition advances	836,155
Operating profit of the consolidated financial statements	549,843

(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

(Revenue recognition)

Information breaking down revenue from contracts with customers is as presented in "Notes (Segment Information, etc.)".