

Summary

Consolidated Financial Results for the Three Months Ended June 30, 2023 <JGAAP>

August 4, 2023

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 10, 2023

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 2024

(From April 1, 2023 to June 30, 2023)

(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)	%
FY2023 (Apr.1,2023-Jun.30,2023)	5,206	-6.6	123	-77.6	106	-80.1	83	-76.3
FY2022 (Apr.1,2022-Jun.30,2022)	5,575	-2.8	549	-11.7	534	-15.0	351	-18.8

(Notes) Comprehensive income : FY 2023 (2023/6) 93 million yen (-73.5%) FY 2022 (2022/6) 352 million yen (-22.5%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2023 (Apr.1,2023-Jun.30,2023)	4.59	—
FY2022 (Apr.1,2022-Jun.30,2022)	18.98	—

(2) Consolidated financial position

	Total assets	Net assets	Equity Ratio
	(Yen in millions)	(Yen in millions)	%
FY2023 (As of Jun. 30, 2023)	19,594	6,241	31.8
FY2022 (As of Mar. 31, 2023)	20,795	6,203	29.8

(Notes) Equity FY2023 (2023/6) 6,232 million yen FY2022 (2023/3) 6,194 million yen

2. Dividends

	Annual dividends Per Share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2022 (Apr.1,2022-Mar.31,2023)	—	3.00	—	3.00	6.00
FY2023 (Apr.1,2023-Mar.31,2024)	—				
FY2023 (Forecast)		3.00	—	3.00	6.00

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

3. Consolidated forecasts for March 2024 term (From April 1, 2023 to March 31, 2024)

(% 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	10,652	-1.0	951	1.0	926	0.1	602	-2.1	33.20
Full year	19,620	-0.5	380	19.1	330	1.7	210	-2.2	11.58

(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)

FY2023 1 st quarter	18,504,000	shares	FY2022	18,504,000	shares
FY2023 1 st quarter	370,168	shares	FY2022	370,168	shares
FY2023 1 st quarter	18,133,832	shares	FY2022 1 st quarter	18,503,932	shares

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

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

* 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)	
	FY2022 (as of March 31, 2023)	FY2023 (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	6,103,857	5,389,961
Notes and accounts receivable – trade	3,835,409	3,603,811
Securities	200,000	—
Merchandise and finished goods	467,535	467,118
Work in process	38,993	6,008
Raw materials and supplies	372,397	384,682
Accounts receivable – other	7,210	86,597
Prepaid expenses	293,230	276,958
Other	288,280	273,811
Allowance for doubtful accounts	-2,672	-2,509
Total current assets	11,604,241	10,486,440
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other, net	2,228,862	2,159,512
Total property, plant and equipment	4,973,022	4,903,671
Intangible assets	231,137	231,041
Investments and other assets		
Investment securities	579,264	580,780
Investments in capital of subsidiaries and associates	0	—
Deferred tax assets	424,711	430,861
Long-term time deposits	100,000	100,000
Guarantee deposits	2,133,262	2,115,055
Insurance funds	626,382	630,491
Other	148,981	142,228
Allowance for doubtful accounts	-25,782	-25,781
Total Investments and other assets	3,986,819	3,973,635
Total non-current assets	9,190,978	9,108,349
Total assets	20,795,219	19,594,789

	(Yen in thousands)	
	FY2022 (as of March 31, 2023)	FY2023 (as of June 30, 2023)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	495,021	469,337
Short-term loans payable	1,400,000	1,400,000
Current portion of long-term loans payable	828,645	782,343
Accounts payable - other	465,199	439,215
Accrued expenses	565,561	539,412
Income taxes payable	40,962	53,661
Provision for loss on abandonment of sales return	333,995	299,703
Provision for bonuses	202,241	71,879
Advances received	5,483,604	4,744,780
Asset retirement obligations	67,381	42,911
Other	863,655	859,448
Total current liabilities	10,746,269	9,702,694
Non-current liabilities		
Long-term loans payable	3,069,926	2,879,872
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	658,138	658,204
Provision for repairs	37,300	37,300
Other	55,183	50,371
Total non-current liabilities	3,845,626	3,650,824
Total liabilities	14,591,895	13,353,519
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	4,515,132	4,543,996
Treasury shares	-75,155	-75,155
Total shareholders' equity	6,170,725	6,199,588
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-17,487	-12,551
Foreign currency translation adjustment	40,918	45,590
Total accumulated other comprehensive income	23,431	33,039
Non-controlling interests	9,167	8,642
Total net assets	6,203,324	6,241,270
Total liabilities and net assets	20,795,219	19,594,789

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

Quarterly consolidated statement of income

(Yen in thousands)

	FY2022 (Apr. 1, 2022-Jun. 30, 2022)	FY2023 (Apr. 1, 2023-Jun. 30, 2023)
Net sales	5,575,768	5,206,671
Cost of sales	3,144,710	3,155,749
Gross profit	2,431,058	2,050,922
Selling, general and administrative expenses	1,881,214	1,927,513
Operating profit	549,843	123,409
Non-operating income		
Interest income	2,186	1,989
Gain on sale of investment securities	—	3,499
Other	2,949	2,662
Total non-operating income	5,136	8,152
Non-operating expenses		
Interest expenses	8,608	8,249
Commission expenses	2,301	2,301
Share of loss of entities accounted for using equity method	5,342	5,161
Foreign exchange losses	3,895	3,372
Other	1	6,128
Total non-operating expenses	20,149	25,212
Ordinary profit	534,830	106,348
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,299	—
Total extraordinary losses	2,299	—
Profit before income taxes	532,530	106,348
Income taxes – current	89,367	31,079
Income taxes - deferred	91,602	-8,329
Total income taxes	180,969	22,750
Profit	351,560	83,597
Profit attributable to non-controlling interests	301	332
Profit attributable to owners of parent	351,258	83,265

Quarterly consolidated statement of comprehensive income

	(Yen in thousands)	
	FY2022 (Apr. 1, 2022-Jun. 30, 2022)	FY2023 (Apr. 1, 2023-Jun. 30, 2023)
Profit	351,560	83,597
Other comprehensive income		
Valuation difference on available-for-sale securities	-9,152	4,936
Foreign currency translation adjustment	9,706	4,671
Total other comprehensive income	554	9,607
Comprehensive income	352,114	93,205
(Breakdown)		
Comprehensive income attributable to owners of parent	351,813	92,872
Comprehensive income attributable to non-controlling interests	301	332

(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, First quarter of the previous 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 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, 2023 - June 30, 2023)

(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	11,926	232,711	922,513	39,355	1,206,506
Goods or services transferred over time	2,132,306	992,936	—	111,264	3,236,506
Revenue from contracts with customers	2,144,232	1,225,647	922,513	150,619	4,443,013
External customers	2,144,232	1,225,647	922,513	150,619	4,443,013
Intersegment and transfer	538	—	—	4,198	4,736
Total	2,144,771	1,225,647	922,513	154,817	4,447,750
Segment profit(loss)	-740,786	317,877	71,333	45,545	-306,030

(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	-306,030
Corporate expenses	-334,218
Adjustment of tuition advances	763,657
Operating profit of the consolidated financial statements	123,409

(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 that breaks down revenue from contracts with customers is as presented in "Notes (Segment Information)".