

Summary

Consolidated Financial Results for the Nine Months Ended December 31, 2022 <JGAAP>

February 6, 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 3rd quarter: February 10, 2023
 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 2023

(From April 1, 2022 to December 31, 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 - Dec.31, 2022)	14,949	-4.2	341	-48.8	352	-50.3	204	-55.3
FY2021 (Apr.1, 2021 - Dec.31, 2021)	15,599	6.2	666	22.9	709	1.2	456	-4.5

(Notes) Comprehensive income: FY2022(2022/12) 189 million yen (-61.1%) FY2021(2021/12) 487 million yen (-1.3%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2022 (Apr.1, 2022 - Dec.31, 2022)	11.07	—
FY2021 (Apr.1, 2021 - Dec.31, 2021)	24.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2022 (As of Dec. 31, 2022)	21,260	6,177	29.0
FY2021 (As of Mar. 31, 2022)	21,384	6,174	28.8

(Notes) Equity FY2022(2022/12) 6,168 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)	—	3.00	—		
FY2022(Forecast)				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)
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)

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

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

FY2022 3 rd quarter	18,504,000 shares	FY2021	18,504,000 shares
FY2022 3 rd quarter	370,168 shares	FY2021	68 shares
FY2022 3 rd quarter	18,442,024 shares	FY2021 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:

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 December 31, 2022)
Assets		
Current assets		
Cash and deposits	5,716,572	6,753,924
Notes and accounts receivable - trade	3,581,997	3,783,266
Securities	200,000	200,000
Merchandise and finished goods	444,792	464,079
Work in process	6,869	3,692
Raw materials and supplies	344,872	317,466
Accounts receivable – other	781,212	63,083
Prepaid expenses	354,030	256,295
Income taxes refund receivable	—	82,537
Other	257,101	229,874
Allowance for doubtful accounts	-8,064	-7,205
Total current assets	11,679,384	12,147,015
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other, net	2,369,778	2,298,918
Total property, plant and equipment	5,113,937	5,043,077
Intangible assets	202,075	210,004
Investments and other assets		
Investment securities	582,515	560,933
Investments in capital of subsidiaries and associates	6,385	0
Deferred tax assets	372,776	315,821
Long-term time deposits	—	100,000
Guarantee deposits	2,654,130	2,133,655
Insurance funds	633,503	622,272
Other	165,522	153,262
Allowance for doubtful accounts	-25,779	-25,779
Total Investments and other assets	4,389,053	3,860,166
Total non-current assets	9,705,066	9,113,249
Total assets	21,384,451	21,260,264

(Yen in thousands)

	FY2021 (as of March 31, 2022)	FY2022 (as of December 31, 2022)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	515,084	563,685
Short-term loans payable	1,300,000	1,600,000
Current portion of long-term loans payable	794,792	874,947
Accounts payable - other	734,545	447,994
Accrued expenses	479,790	552,604
Income taxes payable	256,286	29,658
Provision for loss on abandonment of sales return	302,217	262,075
Provision for bonuses	197,151	71,341
Advances received	5,943,700	5,753,973
Asset retirement obligations	99,090	14,483
Other	839,657	828,423
Total current liabilities	11,462,315	10,999,187
Non-current liabilities		
Long-term loans payable	3,001,071	3,259,980
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	677,560	700,904
Provision for repairs	37,300	37,300
Other	6,453	60,567
Total non-current liabilities	3,747,463	4,083,830
Total liabilities	15,209,779	15,083,017
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	4,411,415	4,504,465
Treasury shares	-25	-75,155
Total shareholders' equity	6,142,138	6,160,057
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-15,822	-29,932
Foreign currency translation adjustment	39,645	38,265
Total accumulated other comprehensive income	23,823	8,332
Non-controlling interests	8,710	8,856
Total net assets	6,174,672	6,177,247
Total liabilities and net assets	21,384,451	21,260,264

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

Quarterly consolidated statement of income

(Yen in thousands)

	FY2021 (Apr. 1, 2021 - Dec. 31, 2021)	FY2022 (Apr. 1, 2022 - Dec. 31, 2022)
Net sales	15,599,753	14,949,224
Cost of sales	9,493,148	9,093,543
Gross profit	6,106,604	5,855,680
Selling, general and administrative expenses	5,440,495	5,514,544
Operating profit	666,109	341,136
Non-operating income		
Interest income	12,081	6,450
Insurance claim income	—	25,816
Foreign exchange gains	—	554
Gain on investments in investment securities	51,676	2,372
Share of profit of entities accounted for using equity method	3,310	—
Other	9,118	9,152
Total non-operating income	76,187	44,346
Non-operating expenses		
Interest expenses	26,724	25,760
Commission expenses	5,090	5,216
Share of loss of entities accounted for using equity method	—	2,305
Foreign exchange losses	995	—
Other	309	10
Total non-operating expenses	33,119	33,292
Ordinary profit	709,177	352,190
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	—	6,385
Impairment loss	—	8,523
Loss on sales and retirement of non-current assets	1,840	2,369
Total extraordinary losses	1,840	17,277
Profit before income taxes	707,337	334,912
Income taxes – current	178,759	66,621
Income taxes - deferred	71,400	63,181
Total income taxes	250,159	129,803
Profit	457,177	205,108
Profit attributable to non-controlling interests	1,057	1,035
Profit attributable to owners of parent	456,120	204,073

Quarterly consolidated statement of comprehensive income

(Yen in thousands)

	FY2021 (Apr. 1, 2021 - Dec. 31, 2021)	FY2022 (Apr. 1, 2022 - Dec. 31, 2022)
Profit	457,177	205,108
Other comprehensive income		
Valuation difference on available-for-sale securities	19,645	-14,109
Foreign currency translation adjustment	10,216	-1,380
Total other comprehensive income	29,862	-15,490
Comprehensive income	487,039	189,618
(Breakdown)		
Comprehensive income attributable to owners of parent	485,982	188,582
Comprehensive income attributable to non-controlling interests	1,057	1,035

(3) Notes for quarterly consolidated financial statements

(Going-Concern Assumption)

None

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

On November 16, 2022, we repurchased 370,100 shares of common stock pursuant to the resolution approved at a meeting of the board of directors held on November 15, 2022. As a result, treasury shares increased by ¥75,130 thousand during the current third quarter. The balance of treasury shares was ¥75,155 thousand as of December 31, 2022.

(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, Third quarter of the previous fiscal year (April 1, 2021 - December 31, 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	24,840	670,563	3,295,970	83,520	4,074,894
Goods or services transferred over time	8,424,454	2,721,456	—	312,640	11,458,552
Revenue from contracts with customers	8,449,295	3,392,019	3,295,970	396,161	15,533,446
External customers	8,449,295	3,392,019	3,295,970	396,161	15,533,446
Intersegment and transfer	1,291	—	47	38,757	40,096
Total	8,450,587	3,392,019	3,296,017	434,918	15,573,543
Segment profit(loss)	-243,936	846,115	826,470	90,998	1,519,648

(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	1,519,648
Corporate expenses	-919,845
Adjustment of tuition advances	66,306
Operating profit of the consolidated financial statements	666,109

(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, Third quarter of the current fiscal year (April 1, 2022 – December 31, 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	20,503	605,236	3,115,500	101,230	3,842,470
Goods or services transferred over time	7,780,445	2,798,870	—	307,420	10,886,735
Revenue from contracts with customers	7,800,948	3,404,106	3,115,500	408,651	14,729,206
External customers	7,800,948	3,404,106	3,115,500	408,651	14,729,206
Intersegment and transfer	1,760	—	28	36,848	38,638
Total	7,802,709	3,404,106	3,115,528	445,500	14,767,844
Segment profit(loss)	-525,159	779,118	723,769	102,679	1,080,408

(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	1,080,408
Corporate expenses	-959,290
Adjustment of tuition advances	220,017
Operating profit of the consolidated financial statements	341,136

(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

In the personal education segment, impairment loss of constructions (buildings) and tools, furniture and fixtures that are no longer expected to be used due to reduced floor space is ¥8,523 thousand. The impairment loss, posted as extraordinary loss, has not been allocated to reporting segments.

(Revenue recognition)

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