

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended October 31, 2023 (Based on Japanese GAAP)

December 11, 2023

Company name: GAKUJO Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2301 URL <https://company.gakujo.ne.jp>
 Representative: President and CEO Taishi Nakai
 Inquiries: Executive Officer Hidekazu Nakamura TEL 03-3593-1500
 Scheduled date of ordinary general meeting of shareholders: January 26, 2024
 Scheduled date to file Securities Report: January 31, 2024
 Scheduled date to commence dividend payments: January 29, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended October 31, 2023	8,784	29.7	2,310	42.5	2,563	25.7	1,753	25.5
Year ended October 31, 2022	6,773	8.9	1,621	(10.8)	2,038	1.2	1,396	1.0

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended October 31, 2023	125.74	125.52	13.8	17.4	26.3
Year ended October 31, 2022	99.35	99.11	11.6	15.0	23.9

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2023	15,605	13,265	84.9	948.81
As of October 31, 2022	13,810	12,232	88.3	876.29

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended October 31, 2023	2,277	(675)	(682)	3,382
Year ended October 31, 2022	1,486	(1,424)	(793)	2,463

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2022	—	18.00	—	25.00	43.00	601	43.3	5.0
Year ended October 31, 2023	—	24.00	—	27.00	51.00	711	40.6	5.6
Year ending October 31, 2024 (Forecast)	—	26.00	—	26.00	52.00		41.0	

3. Forecast of non-consolidated financial results for the year ending October 31, 2024 (from November 1, 2023 to October 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending April 30, 2024	3,760	16.9	532	17.0	602	4.8	410	5.7	29.40
Full year	10,000	13.8	2,450	6.0	2,600	1.4	1,770	0.9	126.93

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of October 31, 2023	15,560,000 shares	As of October 31, 2022	15,560,000 shares
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Number of treasury shares at the end of the period

As of October 31, 2023	1,598,027 shares	As of October 31, 2022	1,635,647 shares
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Average number of shares during the period

Year ended October 31, 2023	13,945,150 shares	Year ended October 31, 2022	14,060,218 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of October 31, 2022	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	4,463,363	4,382,812
Notes receivable - trade	330	6,501
Accounts receivable - trade and contract assets	1,572,079	1,742,742
Securities	100,010	300,599
Work in process	8,850	15,413
Prepaid expenses	47,519	92,678
Other	25,746	86,543
Allowance for doubtful accounts	(501)	(557)
Total current assets	6,217,398	6,626,734
Non-current assets		
Property, plant and equipment		
Buildings	667,675	688,898
Accumulated depreciation	(376,972)	(395,795)
Buildings, net	290,703	293,103
Structures	6,159	6,159
Accumulated depreciation	(5,851)	(5,913)
Structures, net	307	246
Machinery and equipment	3,428	5,551
Accumulated depreciation	(3,256)	(3,609)
Machinery and equipment, net	171	1,942
Tools, furniture and fixtures	45,940	51,737
Accumulated depreciation	(23,600)	(25,980)
Tools, furniture and fixtures, net	22,340	25,757
Land	526,457	526,457
Total property, plant and equipment	839,980	847,505
Intangible assets		
Software	307,624	456,252
Software in progress	—	23,606
Telephone subscription right	6,505	6,505
Total intangible assets	314,129	486,364
Investments and other assets		
Long-term time deposits	—	1,000,000
Investment securities	5,901,825	5,926,873
Long-term prepaid expenses	15,216	27,908
Deferred tax assets	252,790	326,239
Guarantee deposits	86,360	226,455
Insurance funds	183,217	137,734
Other	6,500	6,500
Allowance for doubtful accounts	(6,500)	(6,500)
Total investments and other assets	6,439,410	7,645,210
Total non-current assets	7,593,520	8,979,080
Total assets	13,810,919	15,605,815

(Thousands of yen)

	As of October 31, 2022	As of October 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	322,664	353,441
Accounts payable - other	143,553	416,491
Accrued expenses	44,204	46,701
Income taxes payable	339,438	556,065
Accrued consumption taxes	52,920	158,235
Contract liabilities	174,244	242,271
Deposits received	8,870	10,750
Unearned revenue	3,211	3,189
Provision for bonuses	235,000	290,000
Provision for bonuses for directors (and other officers)	18,000	27,000
Total current liabilities	1,342,107	2,104,145
Non-current liabilities		
Long-term accounts payable - other	217,800	217,800
Long-term guarantee deposits	18,541	18,586
Total non-current liabilities	236,341	236,386
Total liabilities	1,578,449	2,340,531
Net assets		
Shareholders' equity		
Share capital	1,500,000	1,500,000
Capital surplus		
Legal capital surplus	817,100	817,100
Other capital surplus	2,535,225	2,545,556
Total capital surplus	3,352,325	3,362,656
Retained earnings		
Legal retained earnings	8,455	8,455
Other retained earnings		
General reserve	1,800,000	1,800,000
Retained earnings brought forward	7,481,276	8,551,854
Total retained earnings	9,289,731	10,360,309
Treasury shares	(1,837,518)	(1,795,248)
Total shareholders' equity	12,304,538	13,427,717
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(102,803)	(180,513)
Total valuation and translation adjustments	(102,803)	(180,513)
Share acquisition rights	30,736	18,080
Total net assets	12,232,470	13,265,283
Total liabilities and net assets	13,810,919	15,605,815

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Net sales	6,773,423	8,784,768
Cost of sales	2,267,150	2,916,813
Gross profit	4,506,272	5,867,954
Selling, general and administrative expenses		
Promotion expenses	472,979	626,388
Remuneration for directors (and other officers)	92,350	91,144
Provision for bonuses for directors (and other officers)	18,000	27,000
Salaries and allowances	1,063,773	1,207,288
Bonuses	100,450	120,690
Provision for bonuses	232,600	286,400
Retirement benefit expenses	18,251	21,616
Welfare expenses	206,866	246,966
Rent expenses	89,205	89,882
Depreciation	127,251	147,426
Other	462,813	692,664
Total selling, general and administrative expenses	2,884,543	3,557,467
Operating profit	1,621,729	2,310,487
Non-operating income		
Interest income	526	879
Interest on securities	96,443	143,330
Dividend income	6,529	17,314
Gain on sale of investment securities	226,091	76,186
Foreign exchange gains	52,878	–
Rental income from buildings	39,999	39,845
Other	9,256	6,470
Total non-operating income	431,727	284,026
Non-operating expenses		
Rental costs on real estate	8,919	7,913
Loss on sale of investment securities	–	5,370
Loss on cancellation of insurance policies	–	3,311
Loss on investments in investment partnerships	4,680	12,258
Loss on valuation of investment securities	–	1,677
Other	1,287	918
Total non-operating expenses	14,887	31,450
Ordinary profit	2,038,569	2,563,063
Extraordinary losses		
Loss on termination of retirement benefit plan	26,572	–
Total extraordinary losses	26,572	–
Profit before income taxes	2,011,996	2,563,063
Income taxes - current	637,705	848,849
Income taxes - deferred	(22,556)	(39,185)
Total income taxes	615,148	809,663
Profit	1,396,847	1,753,399

Non-consolidated statements of changes in equity

Fiscal year ended October 31, 2022

(Thousands of yen)

	Shareholders' equity							Treasury shares	Total shareholders' equity
	Share capital	Capital surplus		Retained earnings					
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings				
					General reserve	Retained earnings brought forward			
Balance at beginning of period	1,500,000	817,100	2,537,376	8,455	1,800,000	6,634,390	(1,610,741)	11,686,581	
Changes during period									
Dividends of surplus						(549,962)		(549,962)	
Profit						1,396,847		1,396,847	
Purchase of treasury shares							(238,168)	(238,168)	
Disposal of treasury shares			(2,151)				11,391	9,240	
Net changes in items other than shareholders' equity									
Total changes during period	—	—	(2,151)	—	—	846,885	(226,777)	617,956	
Balance at end of period	1,500,000	817,100	2,535,225	8,455	1,800,000	7,481,276	(1,837,518)	12,304,538	

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	191,579	191,579	34,935	11,913,096
Changes during period				
Dividends of surplus				(549,962)
Profit				1,396,847
Purchase of treasury shares				(238,168)
Disposal of treasury shares				9,240
Net changes in items other than shareholders' equity	(294,383)	(294,383)	(4,199)	(298,582)
Total changes during period	(294,383)	(294,383)	(4,199)	319,374
Balance at end of period	(102,803)	(102,803)	30,736	12,232,470

Fiscal year ended October 31, 2023

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings			
					General reserve	Retained earnings brought forward		
Balance at beginning of period	1,500,000	817,100	2,535,225	8,455	1,800,000	7,481,276	(1,837,518)	12,304,538
Changes during period								
Dividends of surplus						(682,821)		(682,821)
Profit						1,753,399		1,753,399
Purchase of treasury shares								
Disposal of treasury shares			10,331				42,270	52,601
Net changes in items other than shareholders' equity								
Total changes during period			10,331			1,070,578	42,270	1,123,179
Balance at end of period	1,500,000	817,100	2,545,556	8,455	1,800,000	8,551,854	(1,795,248)	13,427,717

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(102,803)	(102,803)	30,736	12,232,470
Changes during period				
Dividends of surplus				(682,821)
Profit				1,753,399
Purchase of treasury shares				
Disposal of treasury shares				52,601
Net changes in items other than shareholders' equity	(77,710)	(77,710)	(12,656)	(90,366)
Total changes during period	(77,710)	(77,710)	(12,656)	1,032,813
Balance at end of period	(180,513)	(180,513)	18,080	13,265,283

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,011,996	2,563,063
Depreciation	132,294	151,991
Loss (gain) on sale of investment securities	(225,518)	(70,815)
Loss (gain) on investments in investment partnerships	4,680	12,258
Loss (gain) on valuation of investment securities	—	1,677
Increase (decrease) in provision for bonuses for directors (and other officers)	1,500	9,000
Increase (decrease) in provision for bonuses	43,000	55,000
Decrease (increase) in prepaid pension costs	24,997	—
Interest and dividend income	(103,500)	(161,523)
Decrease (increase) in trade receivables	113,386	(176,834)
Increase (decrease) in trade payables	13,003	30,776
Increase (decrease) in accounts payable - other	9,692	181,190
Increase (decrease) in accrued consumption taxes	(63,781)	105,315
Increase (decrease) in contract liabilities	174,244	68,026
Decrease (increase) in long-term prepaid expenses	2,199	(12,691)
Other, net	(10,125)	27,205
Subtotal	2,128,070	2,783,640
Interest and dividends received	111,735	134,991
Income taxes refund (paid)	(752,813)	(641,381)
Net cash provided by (used in) operating activities	1,486,992	2,277,250
Cash flows from investing activities		
Payments into time deposits	—	(1,000,000)
Proceeds from withdrawal of time deposits	—	1,000,000
Purchase of property, plant and equipment	(10,098)	(38,463)
Purchase of intangible assets	(118,065)	(202,092)
Purchase of investment securities	(4,116,092)	(1,422,585)
Proceeds from sale of investment securities	2,305,961	950,611
Proceeds from redemption of investment securities	523,524	200,000
Payments of guarantee deposits	(3,178)	(208,208)
Proceeds from refund of guarantee deposits	1,435	3,177
Proceeds from cancellation of insurance funds	—	42,171
Other, net	(8,279)	45
Net cash provided by (used in) investing activities	(1,424,793)	(675,343)
Cash flows from financing activities		
Purchase of treasury shares	(238,882)	—
Dividends paid	(550,005)	(682,500)
Other, net	(4,199)	43
Net cash provided by (used in) financing activities	(793,087)	(682,457)
Net increase (decrease) in cash and cash equivalents	(730,888)	919,449
Cash and cash equivalents at beginning of period	3,194,251	2,463,363
Cash and cash equivalents at end of period	2,463,363	3,382,812