

## March 2018 Term - First Quarter Financial Results [Under Japanese GAAP](Consolidated)

August 3, 2017

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 Supplemental information for quarterly financial statements: Yes  
 Schedule for quarterly "investor meeting presentation": None

TSE 1st  
 URL <http://www.tac-school.co.jp>

(Yen in millions, with fractional amounts rounded down to the nearest million yen)

### 1. Consolidated 1st quarter results for the fiscal year ending March 2018

(From April 1, 2017 to June 30, 2017)

#### (1) Consolidated financial results

(% indicates changes from prior fiscal year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%
June 2017 1 <sup>st</sup> quarter	5,728	0.1	716	-5.2	688	-7.8	463	-16.8
June 2016 1 <sup>st</sup> quarter	5,725	2.4	755	-6.6	746	-7.4	556	12.1

(Notes) Comprehensive income: Fiscal 2017 1<sup>st</sup> quarter 453million yen (-13.5%) Fiscal 2016 1<sup>st</sup> quarter 523million yen (6.5%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
June 2017 1 <sup>st</sup> quarter	25.05	—
June 2016 1 <sup>st</sup> quarter	30.10	—

#### (2) Consolidated financial position

	Total assets	Net assets	Total Shareholders' Equity Ratio
	(Yen in millions)	(Yen in millions)	%
June 2017 1 <sup>st</sup> quarter	21,781	5,374	24.7
Fiscal 2016(2017/3)	22,069	4,959	22.5

(Notes) Equity Capital Fiscal 2017 (2018/3) 1<sup>st</sup> quarter 5,370 Million yen Fiscal 2016 (2017/3) 4,954 Million yen

### 2. Status of Dividends

Date of record	Dividend Per Share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Total
Fiscal2016(2017/3)	(Yen) —	(Yen) 2.00	(Yen) —	(Yen) 2.00	(Yen) 4.00
Fiscal2017 (2018/3)	—				
Fiscal2017(2018/3)		2.00	—	3.00	5.00

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

### 3. Consolidated forecasts for March 2018 term (From April 1, 2017 to March 31,2018)

(% indicates changes from prior fiscal year for annual and from interim period of prior fiscal year for the interim period)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen in millions)	%	(Yen)
Interim	10,828	0.0	1,030	5.2	997	3.2	570	-17.6	30.80
Full year	20,900	2.3	810	13.6	780	12.6	440	-10.2	23.78

(Note) Revision of consolidated financial results forecasts: None

**4. Others**

(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 principles, accounting estimates and retrospective restatement for consolidated financial statements

- |   |   |   |      |
|---|---|---|------|
| ① | Changes due to changes in accounting standard | : | None |
| ② | Other changes                                 | : | None |
| ③ | Changes in accounting estimates               | : | None |
| ④ | Re-statement                                  | : | None |

(4) Numbers of shares issued (common stock)

①	Number of shares issued (including treasury stocks)	June 2017 1 <sup>st</sup> quarter	18,504,000 Shares	Fiscal Year 2016	18,504,000 shares
②	Number of treasury stocks	June 2017 1 <sup>st</sup> quarter	68 Shares	Fiscal Year 2016	68 shares
③	Yearly average number of shares (1st quarter ended June 30)	June 2017 1 <sup>st</sup> quarter	18,503,932 Shares	June 2016 1 <sup>st</sup> quarter	18,503,932 shares

**\*This Quarterly Financial Results Report is outside the scope of the quarterly review**

**\*Disclosure regarding the execution of the quarterly review process**

This “First Quarter Financial Results” (Quarterly “Tanshin”) is outside the scope of the external auditor’s quarterly review procedure which is required by the “Financial Instruments and Exchange Act”.

**Quarterly Consolidated Financial Statements****(1) Consolidated balance sheet**

(Yen in thousands)

	FY 2016 (as of Mar. 31, 2017)	Current 1st quarter (as of Jun. 30, 2017)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	6,542,716	5,888,344
Notes and accounts receivable	3,447,710	3,415,248
Marketable securities	65,750	105
Merchandise and Finished goods	275,209	326,260
Work in process	33,028	20,709
Stores and materials	322,579	322,929
Accounts receivable-other	30,070	16,070
Prepaid expenses	351,632	432,211
Deferred income taxes	357,378	311,855
Beneficiary right in safeguarding and trust system for advance payment	470,399	692,815
Other	216,755	11,301
Allowance for doubtful accounts	-3,530	-2,963
Total current assets	12,109,700	11,434,889
Noncurrent assets		
Tangible fixed assets		
Land	2,744,159	2,744,159
Other, Net	1,871,126	1,860,438
Total tangible fixed assets	4,615,285	4,604,597
Intangible fixed assets	266,484	264,551
Investments and other assets		
Investment securities	1,046,667	1,446,347
Contribution of affiliated companies	33,634	33,698
Long-term time deposits	100,000	100,000
Fixed leasehold deposits	2,925,967	2,929,013
Insurance reserve fund	919,488	919,488
Other	98,310	95,226
Allowance for doubtful accounts	-46,097	-46,096
Total Investments and other assets	5,077,970	5,477,677
Total noncurrent assets	9,959,741	10,346,826
Total assets	22,069,442	21,781,716

(Yen in thousands)

	FY 2016 (as of Mar. 31, 2017)	Current 1st quarter (as of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable	450,866	444,768
Short-term borrowings	800,000	990,000
Current portion of long-term borrowings	1,812,252	1,832,244
Accounts payable - other	418,542	421,691
Accrued expenses	440,728	450,637
Corporation and inhabitants taxes payable	242,190	203,402
Allowance for returned goods	353,500	292,355
Allowance for loss on disposal of returned goods	358,944	319,820
Allowance for employees' bonuses	74,021	67,490
Tuition advances	6,262,681	5,779,953
Other	171,611	243,208
Total current liabilities	11,385,340	11,045,572
Noncurrent liabilities		
Long-term borrowings	4,916,384	4,541,254
Deferred tax liability	20,786	16,951
Post-retirement benefits payable for directors and corporate directors	119,397	119,397
Asset retirement obligations	625,903	627,147
Provision for repairs	37,300	37,300
Other	5,029	19,433
Total noncurrent liabilities	5,724,801	5,361,483
Total liabilities	17,110,141	16,407,056
Net assets		
Shareholders' equity		
Paid-in Capital	940,200	940,200
Capital surplus	790,547	790,547
Earned surplus	3,223,053	3,649,522
Treasury stock	-25	-25
Total shareholders' equity	4,953,775	5,380,244
Accumulated other comprehensive income		
Other securities valuation difference	-13,837	-25,868
Foreign currency translation adjustment	14,712	15,991
Total accumulated other comprehensive income	874	-9,877
Non-controlling interests	4,650	4,292
Total net assets	4,959,300	5,374,659
Total liabilities and net assets	22,069,442	21,781,716

**(2) Consolidated statement of income and statements of comprehensive income**

## Consolidated statement of income

(Yen in thousands)

	FY2016 1st quarter (Apr.1 2016-Jun. 30, 2016)	Current 1st quarter (Apr.1 2017-Jun. 30, 2017)
Sales revenues	5,725,367	5,728,513
Cost of Sales	3,175,654	3,112,510
Gross profit	2,549,713	2,616,003
Reversal of allowance for loss on returned goods	368,248	353,500
Transfer to reserve for loss on returned goods	293,284	292,355
Gross profit – net	2,624,677	2,677,148
Selling, general and administrative expenses	1,869,159	1,961,116
Operating income	755,517	716,031
Non-operating income		
Interest income	5,015	7,291
Foreign exchange gains	1,918	-
Gain on valuation of investment securities	405	10,949
Others	2,466	2,171
Total Non-operating income	9,804	20,411
Non-operating expenses		
Interest expenses	16,489	14,562
Equity in losses of affiliates	974	1,312
Foreign exchange losses	-	752
Commission fee	-	31,000
Others	897	81
Total Non-operating expenses	18,361	47,710
Ordinary income	746,960	688,733
Extraordinary income		
Settlement received	120,000	-
Total extraordinary income	120,000	-
Extraordinary losses		
Loss on valuation of investment securities	34,931	-
Total extraordinary losses	34,931	-
Profit before income taxes	832,029	688,733
Corporate, inhabitants and enterprise taxes	251,940	177,867
Deferred income taxes	22,841	46,997
Total corporate, inhabitants and enterprise taxes	274,781	224,864
Profit	557,248	463,868
Profit attributable to non-controlling interests	354	391
Profit attributable to owners of parent	556,894	463,477

## Consolidated statements of comprehensive income

	(Yen in thousands)	
	FY2016 1st quarter (Apr.1 2016-Jun.30, 2016)	Current 1st quarter (Apr.1 2017-Jun.30, 2017)
Profit	557,248	463,868
Other comprehensive income		
Valuation difference on available-for-sale securities	-22,620	-12,031
Foreign currency translation adjustment	-10,174	1,190
Share of other comprehensive income of associates accounted for using equity method	-731	87
Total other comprehensive income	-33,526	-10,752
Comprehensive income	523,721	453,116
Comprehensive income attributable to:		
owners of the parent	523,367	452,724
non-controlling interests	354	391

**(3) Going concern assumption**

None

**(4)-1. Segment information****(A) Segment information by type**

First quarter of previous fiscal year (April 1, 2016 - June 30, 2016)

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Sales					
(1) External customers	2,884,238	1,098,176	786,858	157,119	4,926,393
(2) Inter-segment transactions and eliminations	283	—	194	7,577	8,056
Total	2,884,522	1,098,176	787,053	164,697	4,934,449
Segment income	-220,382	292,919	156,674	22,319	251,530

(Notes) TAC places importance on sales before adjustment of tuition advances (sales on a cash basis) from the standpoint of business management in the Personal Education segment and Corporate Training segment. Accordingly, sales and income (loss) of each reporting segment refers to sales and operating income before adjustment of tuition advances (sales on a cash basis).

**(B) Difference between the total of the reporting segments' measures of profit or loss and income according to quarterly consolidated statements of income, and the main components of the difference (matters related to adjustment of difference)**

(Yen in thousands)

Income	Amount
Total operating income of reporting segments	251,530
Corporate expenses	-294,987
Adjustment of tuition advances	798,974
Operating income reported on quarterly statements of income	755,517

(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 segment.

**(C) Information on amortization of goodwill and unamortized balance by each reporting segment**

None

**(D) Changes in reporting segment**

Pursuant to an amendment in the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Practical Issue Task Force (PITF) No.32 issued on June 17, 2016) from the third quarter of the current fiscal year. Accordingly, the Company changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change in accounting policies on income of each business segment for the third quarter under review is immaterial.

**(4)-2. Segment information****(A) Segment information by type**

First quarter of current fiscal year (April 1, 2017 – June 30, 2017)

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Sales					
(1) External customers	3,160,363	1,099,896	722,559	181,034	5,163,853
(2) Inter-segment transactions and eliminations	651	—	43	9,416	10,112
Total	3,161,015	1,099,896	722,602	190,451	5,173,965
Segment income	25,857	279,463	108,726	25,142	439,190

(Notes) TAC places importance on sales before adjustment of tuition advances (sales on a cash basis) from the standpoint of business management in the Personal Education segment and Corporate Training segment. Accordingly, sales and income (loss) of each reporting segment refers to sales and operating income before adjustment of tuition advances (sales on a cash basis).

**(B) Difference between the total of the reporting segments' measures of profit or loss and income according to quarterly consolidated statements of income, and the main components of the difference (matters related to adjustment of difference)**

(Yen in thousands)

Income	Amount
Total operating income of reporting segments	439,190
Intersegment – eliminations	-287,819
Adjustment of tuition advances	564,660
Operating income reported on quarterly statements of income	716,031

(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 segment.

**(C) Information on amortization of goodwill and unamortized balance by each reporting segment**

None

**(D) Changes in reporting segment**

None