

## Summary

# Consolidated Financial Results for the Nine Months Ended December 31, 2019 <JGAAP>

February 4, 2020

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 12, 2020

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 2020**

(From April 1, 2019 to December 31, 2019)

**(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)	%
FY2019 (Apr.1, 2019-Dec.31, 2109)	15,448	-0.4	523	-2.5	620	3.1	290	-32.4
FY2018 (Apr.1, 2018-Dec.31, 2018)	15,515	-2.0	536	-39.6	602	-27.8	429	-20.2

(Notes) Comprehensive income: FY2019(2019/12) 298 million yen (-28.8%) FY2018(2018/12) 419 million yen (-20.5%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2019 (Apr.1, 2019-Dec.31, 2019)	15.68	—
FY2018 (Apr.1, 2018-Dec.31, 2018)	23.19	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2019 (As of Dec.31, 2019)	21,616	5,685	26.3
FY2018 (As of Mar.31, 2019)	21,486	5,498	25.6

(Notes) Equity FY2019(2019/12) 5,678 million yen FY2018(2019/3) 5,492 million yen

**2. Dividends**

	Annual dividends per share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2018 (Apr.1,2018-Mar.31,2019)	—	4.00	—	4.00	8.00
FY2019 (Apr.1,2019-Mar.31,2020)	—	2.00	—		
FY2019(Forecast)				3.00	5.00

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

**3. Consolidated forecasts for March 2020 term (From April 1, 2019 to March 31,2020)**

(% 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	20,430	-0.2	320	-6.1	322	-21.4	100	-67.7	5.40

(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)

FY2019 3 <sup>rd</sup> quarter	18,504,000 shares	FY2018	18,504,000 shares
FY2019 3 <sup>rd</sup> quarter	68 shares	FY2018	68 shares
FY2019 3 <sup>rd</sup> quarter	18,503,932 shares	FY2018 3 <sup>rd</sup> 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)	
	FY2018 (as of March 31, 2019)	FY2019 (as of December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	5,195,516	5,898,790
Notes and accounts receivable - trade	3,871,213	3,857,075
Securities	100,099	200,097
Merchandise and finished goods	409,347	517,721
Work in process	29,097	25,218
Raw materials and supplies	346,231	288,877
Accounts receivable – other	8,232	16,317
Prepaid expenses	388,809	373,775
Beneficiary right in safeguarding and trust system for advance payments	537,709	—
Other	18,449	15,630
Allowance for doubtful accounts	-3,121	-2,956
Total current assets	10,901,585	11,190,547
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other	1,764,090	1,782,993
Total property, plant and equipment	4,508,249	4,527,152
Intangible assets	331,329	311,808
Investments and other assets		
Investment securities	1,319,903	1,419,309
Investments in capital of subsidiaries and associates	15,810	6,385
Deferred tax assets	410,661	328,211
Long-term time deposits	100,000	100,000
Guarantee deposits	2,933,307	2,930,357
Insurance funds	747,116	600,630
Other	264,251	234,014
Allowance for doubtful accounts	-46,056	-32,268
Total Investments and other assets	5,744,995	5,586,641
Total non-current assets	10,584,573	10,425,602
<b>Total assets</b>	<b>21,486,158</b>	<b>21,616,149</b>

	(Yen in thousands)	
	FY2018 (as of March 31, 2019)	FY2019 (as of December 31, 2019)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	524,932	522,631
Short-term loans payable	1,390,000	1,490,000
Current portion of long-term loans payable	1,232,294	1,222,678
Operating accounts payable	536,863	490,825
Accrued expenses	492,758	476,195
Income taxes payable	51,079	14,378
Provision for sales returns	505,634	417,224
Provision for loss on abandonment of sales return	315,185	261,144
Provision for bonuses	190,880	70,730
Advances received	6,044,370	6,478,649
Other	217,286	302,959
Total current liabilities	11,501,284	11,747,417
Non-current liabilities		
Long-term loans payable	3,755,023	3,500,181
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	628,843	579,008
Provision for repairs	37,300	37,300
Other	39,897	41,503
Total non-current liabilities	4,486,141	4,183,070
Total liabilities	15,987,426	15,930,488
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	3,771,989	3,951,028
Treasury shares	-25	-25
Total shareholders' equity	5,502,711	5,681,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-26,075	-11,619
Foreign currency translation adjustment	15,834	8,821
Total accumulated other comprehensive income	-10,241	-2,798
Non-controlling interests	6,262	6,708
Total net assets	5,498,732	5,685,661
Total liabilities and net assets	21,486,158	21,616,149

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

## Quarterly consolidated statement of income

	(Yen in thousands)	
	FY2018 (Apr. 1, 2018-Dec. 31, 2018)	FY2019 (Apr. 1, 2019-Dec. 31, 2019)
Net sales	15,515,433	15,448,536
Cost of sales	9,254,377	9,351,466
Gross profit	6,261,056	6,097,069
Reversal of provision for sales returns	413,117	505,634
Provision for sales returns	386,388	417,224
Gross profit - net	6,287,785	6,185,479
Selling, general and administrative expenses	5,751,109	5,662,314
Operating profit	536,676	523,165
Non-operating income		
Interest income	12,822	12,363
Insurance income	66,443	95,625
Foreign exchange gains	—	1,129
Gain on investments in investment securities	11,279	10,104
Share of profit of entities accounted for using equity method	7,356	3,889
Other	7,251	11,721
Total non-operating income	105,153	134,833
Non-operating expenses		
Interest expenses	35,437	32,217
Commission fee	3,155	5,220
Foreign exchange losses	467	—
Other	757	78
Total non-operating expenses	39,818	37,516
Ordinary profit	602,011	620,482
Extraordinary losses		
Impairment loss	490	—
Loss on sales and retirement of non-current assets	3,182	10,850
Special retirement payments	—	155,680
Total extraordinary losses	3,673	166,530
Profit before income taxes	598,337	453,951
Income taxes – current	137,767	86,574
Income taxes - deferred	30,246	76,070
Total income taxes	168,014	162,644
Profit	430,323	291,306
Profit attributable to non-controlling interests	1,212	1,243
Profit attributable to owners of parent	429,110	290,063

## Consolidated statement of comprehensive income

	(Yen in thousands)	
	FY2018 (Apr. 1, 2018-Dec. 31, 2018)	FY2019 (Apr. 1, 2019-Dec. 31, 2019)
Profit	430,323	291,306
Other comprehensive income		
Valuation difference on available-for-sale securities	-5,554	14,455
Foreign currency translation adjustment	-4,644	-6,271
Share of other comprehensive income of entities accounted for using equity method	-388	-741
Total other comprehensive income	-10,587	7,443
Comprehensive income	419,735	298,749
(Breakdown)		
Comprehensive income attributable to owners of parent	418,523	297,506
Comprehensive income attributable to non-controlling interests	1,212	1,243

**(3) Note for Consolidated Financial Statements**

(Going-Concern Assumption)

Not applicable

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

Not applicable

(Segment information)

I, Third quarter of the previous fiscal year (April 1, 2018 - December 31, 2018)

(A) Information about net sales, profit or loss by the reporting segments

(Yen in thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Net Sales					
(1) External customers	9,205,291	3,346,763	2,436,179	557,089	15,545,324
(2) Intersegment and transfer	3,056	—	—	47,033	50,089
Total	9,208,347	3,346,763	2,436,179	604,123	15,595,414
Segment profit (loss)	-65,163	869,546	456,936	127,593	1,388,912

(Notes) 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	1,388,912
Corporate expenses	-822,345
Adjustment of tuition advances	-29,890
Operating profit of the quarterly consolidated financial statements	536,676

(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 segments.

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

In the personal education segment, impairment of features (Buildings and Structures) that are no longer expected to be used due to reduce floor is ¥490 thousand. The features posted as extraordinary loss, have not been allocated to reporting segments.

## II, Third quarter of the current fiscal year (April 1, 2019 – December 31, 2019)

## (A) Information about net sales, profit or loss by the reporting segments

(Yen in

thousands)

	Reporting segments				Total
	Personal Education	Corporate Training	Publishing	Manpower Business	
Net Sales					
(1) External customers	9,295,054	3,486,662	2,542,679	449,313	15,773,710
(2) Intersegment and transfer	11,826	—	—	39,915	51,742
Total	9,306,880	3,486,662	2,542,679	489,229	15,825,453
Segment profit (loss)	91,023	914,701	561,015	116,831	1,683,571

(Notes) 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	1,683,571
Corporate expenses	-835,232
Adjustment of tuition advances	-325,173
Operating profit of the quarterly consolidated financial statements	523,165

(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 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

Not applicable