

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 31, 2023

Company name: WASEDA ACADEMY CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4718 URL <https://www.waseda-ac.co.jp/corp/ir/>
 Representative: Representative Director and President Yutaka Yamamoto
 Executive Officer, General Manager of
 Administration Division and General Manager of General Affairs Department Toshihiko Seki TEL 03-3590-4011
 Scheduled date to file Quarterly Securities Report: November 6, 2023
 Scheduled date to commence dividend payments: November 28, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	15,981	7.8	1,373	25.3	1,406	26.8	1,003	45.3
Six months ended September 30, 2022	14,828	8.1	1,096	19.4	1,109	20.6	690	21.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	53.09		-	
Six months ended September 30, 2022	36.61		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	21,363	13,294	62.2
As of March 31, 2023	21,114	12,532	59.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	8.00	-	16.00	24.00
Year ending March 31, 2024	-	10.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	30.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	33,228	8.1	2,659	10.8	2,693	10.8	1,662	7.1	87.94

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	19,012,452 shares	As of March 31, 2023	19,012,452 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	93,107 shares	As of March 31, 2023	155,663 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	18,899,022 shares	Six months ended September 30, 2022	18,858,665 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,306,306	7,570,885
Trade accounts receivable	1,841,932	557,019
Merchandise and finished goods	159,229	175,065
Raw materials and supplies	67,958	84,841
Prepaid expenses	497,582	674,263
Other	37,305	48,241
Allowance for doubtful accounts	(5,844)	(3,740)
Total current assets	8,904,470	9,106,577
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,575,281	8,807,598
Accumulated depreciation	(4,820,147)	(4,915,584)
Buildings and structures, net	3,755,134	3,892,014
Land	1,098,446	1,098,446
Leased assets	1,217,189	1,250,460
Accumulated depreciation	(674,290)	(665,217)
Leased assets, net	542,899	585,242
Other	985,689	1,009,098
Accumulated depreciation	(784,004)	(811,461)
Other, net	201,684	197,637
Total property, plant and equipment	5,598,165	5,773,341
Intangible assets		
Software	556,997	657,063
Software in progress	93,123	74,610
Goodwill	1,113,506	1,022,549
Other	41,191	39,293
Total intangible assets	1,804,818	1,793,517
Investments and other assets		
Investment securities	574,207	584,300
Deferred tax assets	960,722	896,298
Guarantee deposits	3,109,791	3,057,670
Other	172,165	161,319
Allowance for doubtful accounts	(9,800)	(10,000)
Total investments and other assets	4,807,087	4,689,588
Total non-current assets	12,210,071	12,256,446
Total assets	21,114,542	21,363,023

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	345,805	417,245
Accounts payable - other	952,045	851,193
Accrued expenses	1,032,633	1,048,170
Lease liabilities	217,851	217,071
Income taxes payable	715,062	565,626
Accrued consumption taxes	354,824	266,773
Advances received	762,137	450,967
Provision for bonuses	587,078	549,611
Provision for bonuses for directors (and other officers)	27,015	–
Provision for share awards for directors (and other officers)	84,422	–
Reserve for employee stock benefits	29,993	–
Provision for shareholder benefit program	75,581	184,355
Asset retirement obligations	38,411	–
Other	65,244	88,741
Total current liabilities	5,288,109	4,639,758
Non-current liabilities		
Lease liabilities	333,880	375,975
Retirement benefit liability	1,078,722	1,101,457
Asset retirement obligations	1,868,248	1,938,204
Other	13,413	13,171
Total non-current liabilities	3,294,264	3,428,809
Total liabilities	8,582,374	8,068,567
Net assets		
Shareholders' equity		
Share capital	2,014,172	2,014,172
Capital surplus	2,019,962	2,019,962
Retained earnings	8,563,552	9,262,732
Treasury shares	(143,720)	(113,349)
Total shareholders' equity	12,453,966	13,183,516
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,743	85,675
Foreign currency translation adjustment	19,261	44,136
Remeasurements of defined benefit plans	(19,804)	(18,872)
Total accumulated other comprehensive income	78,201	110,939
Non-controlling interests	–	–
Total net assets	12,532,167	13,294,456
Total liabilities and net assets	21,114,542	21,363,023

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	14,828,010	15,981,336
Cost of sales	10,747,645	11,340,919
Gross profit	4,080,364	4,640,416
Selling, general and administrative expenses	2,984,080	3,266,573
Operating profit	1,096,283	1,373,843
Non-operating income		
Interest income	594	1,649
Dividend income	9,174	10,929
Rental income from real estate	6,598	11,156
Compensation income	–	10,000
Other	7,793	14,949
Total non-operating income	24,161	48,684
Non-operating expenses		
Interest expenses	3,909	4,098
Loss on retirement of non-current assets	6,063	8,148
Other	481	3,303
Total non-operating expenses	10,454	15,549
Ordinary profit	1,109,990	1,406,978
Profit before income taxes	1,109,990	1,406,978
Income taxes - current	406,380	343,170
Income taxes - deferred	13,163	60,429
Total income taxes	419,543	403,600
Profit	690,447	1,003,378
Profit attributable to		
Profit attributable to owners of parent	690,447	1,003,378
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	6,645	6,931
Foreign currency translation adjustment	10,785	24,874
Remeasurements of defined benefit plans, net of tax	811	931
Total other comprehensive income	18,242	32,737
Comprehensive income	708,689	1,036,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	708,689	1,036,116
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,109,990	1,406,978
Depreciation	494,507	471,938
Increase (decrease) in allowance for doubtful accounts	(544)	(1,904)
Increase (decrease) in provision for bonuses	(57,800)	(37,466)
Increase (decrease) in provision for share awards for directors (and other officers)	–	(84,422)
Increase (decrease) in provision for employee stock benefits	(10,802)	(29,993)
Increase (decrease) in provision for shareholder benefit program	74,414	108,773
Increase (decrease) in provision for bonuses for directors (and other officers)	(26,370)	(27,015)
Increase (decrease) in retirement benefit liability	8,612	22,734
Interest and dividend income	(9,768)	(12,578)
Interest expenses	3,909	4,098
Amortization of goodwill	96,097	94,338
Loss (gain) on disposal of non-current assets	6,063	8,148
Decrease (increase) in trade receivables	1,237,062	1,284,022
Decrease (increase) in inventories	(1,791)	(32,917)
Increase (decrease) in trade payables	(7,412)	71,442
Increase (decrease) in advances received	(234,394)	(310,199)
Increase (decrease) in accrued consumption taxes	(82,921)	(87,486)
Amortization of unrecognized items for retirement benefits	1,169	1,342
Decrease (increase) in other assets	(124,121)	(152,591)
Increase (decrease) in other liabilities	(211,758)	(132,904)
Subtotal	2,264,140	2,564,336
Interest and dividends received	9,504	12,708
Interest paid	(3,507)	(4,212)
Income taxes paid	(536,752)	(491,803)
Net cash provided by (used in) operating activities	1,733,383	2,081,029
Cash flows from investing activities		
Purchase of property, plant and equipment	(210,977)	(353,224)
Payments for asset retirement obligations	(1,014)	(17,765)
Purchase of intangible assets	(103,880)	(21,454)
Payments of guarantee deposits	(84,119)	(28,460)
Proceeds from refund of guarantee deposits	2,147	81,315
Decrease (increase) in time deposits	(81,873)	(19,399)
Net cash provided by (used in) investing activities	(479,717)	(358,989)
Cash flows from financing activities		
Repayments of lease liabilities	(122,828)	(123,568)
Purchase of treasury shares	–	(84,051)
Proceeds from disposal of treasury shares	5,406	60,556
Dividends paid	(284,983)	(304,599)
Net cash provided by (used in) financing activities	(402,405)	(451,662)
Effect of exchange rate change on cash and cash equivalents	(8,631)	(25,198)
Net increase (decrease) in cash and cash equivalents	842,629	1,245,179
Cash and cash equivalents at beginning of period	5,128,228	6,208,084
Cash and cash equivalents at end of period	5,970,857	7,453,263