

Summary

Consolidated Financial Results for the Nine Months Ended December 31, 2023 <JGAAP>

February 6, 2024

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
 Contact: Shoji Nonaka, Manager of IR department Tel: +81-3-5276-8913
 Scheduled date to commence dividend payments: -
 Scheduled date to submit the annual securities report of the 3rd quarter: February 13, 2024
 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 2024

(From April 1, 2023 to December 31, 2023)

(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)	%
FY2023 (Apr.1, 2023 - Dec.31, 2023)	14,369	-3.9	-321	—	-353	—	-236	—
FY2022 (Apr.1, 2022 - Dec.31, 2022)	14,949	-4.2	341	-48.8	352	-50.3	204	-55.3

(Notes) Comprehensive income: FY2023(2023/12) -244 million yen (—%) FY2022(2022/12) 189 million yen (-61.1%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2023 (Apr.1, 2023 - Dec.31, 2023)	-13.04	—
FY2022 (Apr.1, 2022 - Dec.31, 2022)	11.07	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2023 (As of Dec. 31, 2023)	20,865	5,849	28.0
FY2022 (As of Mar. 31, 2023)	20,795	6,203	29.8

(Notes) Equity FY2023(2023/12) 5,839 million yen FY2022(2023/3) 6,194 million yen

2. Dividends

	Annual dividends per share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
FY2022 (Apr.1,2022 - Mar.31,2023)	(Yen) —	(Yen) 3.00	(Yen) —	(Yen) 3.00	(Yen) 6.00
FY2023 (Apr.1,2023 - Mar.31,2024)	—	3.00	—	—	—
FY2023(Forecast)	—	—	—	3.00	6.00

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

3. Consolidated forecasts for March 2024 term (From April 1, 2023 to March 31, 2024)

(% 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	19,113	97.0	-210	—	-248	—	-171	—	-9.43

(Note) Revision of consolidated financial results forecasts: Yes

*** 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: Yes

(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

FY2023 3 rd quarter	18,504,000	shares	FY2022	18,504,000	shares
FY2023 3 rd quarter	370,168	shares	FY2022	370,168	shares
FY2023 3 rd quarter	18,133,832	shares	FY2022 3 rd quarter	18,442,024	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)

	FY2022 (as of March 31, 2023)	FY2023 (as of December 31, 2023)
Assets		
Current assets		
Cash and deposits	6,103,857	6,371,487
Notes and accounts receivable - trade	3,835,409	3,872,045
Securities	200,000	—
Merchandise and finished goods	467,535	538,945
Work in process	38,993	10,359
Raw materials and supplies	372,397	288,221
Accounts receivable – other	7,210	68,534
Prepaid expenses	293,230	252,939
Income taxes refund receivable	—	27,429
Other	288,280	251,774
Allowance for doubtful accounts	-2,672	-2,603
Total current assets	11,604,241	11,679,133
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other, net	2,228,862	2,169,148
Total property, plant and equipment	4,973,022	4,913,307
Intangible assets	231,137	218,481
Investments and other assets		
Investment securities	579,264	548,406
Investments in capital of subsidiaries and associates	0	—
Deferred tax assets	424,711	613,920
Long-term time deposits	100,000	100,000
Guarantee deposits	2,133,262	2,050,315
Insurance funds	626,382	638,711
Other	148,981	128,833
Allowance for doubtful accounts	-25,782	-25,780
Total Investments and other assets	3,986,819	4,054,405
Total non-current assets	9,190,978	9,186,195
Total assets	20,795,219	20,865,328

(Yen in thousands)

	FY2022 (as of March 31, 2023)	FY2023 (as of December 31, 2023)
Liabilities		
Current Liabilities		
Notes and accounts payable - trade	495,021	546,562
Short-term loans payable	1,400,000	1,500,000
Current portion of long-term loans payable	828,645	985,184
Accounts payable - other	465,199	366,793
Accrued expenses	565,561	510,312
Income taxes payable	40,962	35,767
Provision for loss on abandonment of sales return	333,995	288,209
Provision for bonuses	202,241	68,001
Advances received	5,483,604	5,660,246
Asset retirement obligations	67,381	26,010
Other	863,655	825,744
Total current liabilities	10,746,269	10,812,832
Non-current liabilities		
Long-term loans payable	3,069,926	3,414,804
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	658,138	647,808
Provision for repairs	37,300	37,300
Other	55,183	78,213
Total non-current liabilities	3,845,626	4,203,203
Total liabilities	14,591,895	15,016,036
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	4,515,132	4,169,778
Treasury shares	-75,155	-75,155
Total shareholders' equity	6,170,725	5,825,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-17,487	-30,768
Foreign currency translation adjustment	40,918	45,282
Total accumulated other comprehensive income	23,431	14,514
Non-controlling interests	9,167	9,406
Total net assets	6,203,324	5,849,291
Total liabilities and net assets	20,795,219	20,865,328

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

Quarterly consolidated statement of income

(Yen in thousands)

	FY2022 (Apr. 1, 2022 - Dec. 31, 2022)	FY2023 (Apr. 1, 2023 - Dec. 31, 2023)
Net sales	14,949,224	14,369,628
Cost of sales	9,093,543	9,149,049
Gross profit	5,855,680	5,220,578
Selling, general and administrative expenses	5,514,544	5,542,432
Operating profit (loss)	341,136	-321,854
Non-operating income		
Interest income	6,450	5,278
Gain on sale of investment securities	—	3,499
Insurance claim income	25,816	—
Foreign exchange gains	554	—
Commission income	3,767	4,163
Gain on investments in investment securities	2,372	—
Other	5,385	2,913
Total non-operating income	44,346	15,856
Non-operating expenses		
Interest expenses	25,760	24,745
Commission expenses	5,216	5,840
Share of loss of entities accounted for using equity method	2,305	3,212
Foreign exchange losses	—	3,150
Other	10	10,400
Total non-operating expenses	33,292	47,350
Ordinary profit (loss)	352,190	-353,348
Extraordinary income		
Gain on liquidation of investment securities	—	13,224
Total extraordinary income	—	13,224
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	2,369	4,403
Loss on valuation of investment securities	—	6,499
Total extraordinary losses	17,277	10,903
Profit (loss) before income taxes	334,912	-351,027
Income taxes – current	66,621	67,776
Income taxes - deferred	63,181	-183,348
Total income taxes	129,803	-115,571
Profit (loss)	205,108	-235,455
Profit attributable to non-controlling interests	1,035	1,096
Profit (loss) attributable to owners of parent	204,073	-236,551

Quarterly consolidated statement of comprehensive income

(Yen in thousands)

	FY2022 (Apr. 1, 2022 - Dec. 31, 2022)	FY2023 (Apr. 1, 2023 - Dec. 31, 2023)
Profit (loss)	205,108	-235,455
Other comprehensive income		
Valuation difference on available-for-sale securities	-14,109	-13,281
Foreign currency translation adjustment	-1,380	4,364
Total other comprehensive income	-15,490	-8,916
Comprehensive income	189,618	-244,372
(Breakdown)		
Comprehensive income attributable to owners of parent	188,582	-245,468
Comprehensive income attributable to non-controlling interests	1,035	1,096

(3) Notes for quarterly consolidated financial statements

(Going-Concern Assumption)

None

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

None

(Changes in accounting estimates)

(Change in estimates of asset retirement obligation)

Based on the new information of recent restorations, we changed the estimates of our asset retirement obligation that was recorded as restoration obligations based on the real estate lease contracts of our school buildings for the consolidated cumulative second quarter. The increase of ¥20,088 thousand due to the change in the estimate is added to the asset retirement obligation balance before the change.

Based on the new information of recent restorations, we changed the estimates of our asset retirement obligation that was recorded as restoration obligations based on the real estate lease contracts of our school buildings for the current consolidated cumulative third quarter. The increase of ¥11,111 thousand due to the change in the estimate is added to the asset retirement obligation balance before the change.

There is no impact on operating loss, ordinary loss, and loss before income taxes due to the change in the estimates for the current consolidated cumulative third quarter.

(Segment information)

I, Third quarter of the previous 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 segments.

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

In the personal education segment, impairment loss on construction (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.

II, Third quarter of the current fiscal year (April 1, 2023 – December 31, 2023)

(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	27,654	605,107	2,941,240	104,081	3,678,083
Goods or services transferred over time	7,574,589	2,897,404	—	309,168	10,781,161
Revenue from contracts with customers	7,602,243	3,502,511	2,941,240	413,249	14,459,244
External customers	7,602,243	3,502,511	2,941,240	413,249	14,459,244
Intersegment and transfer	1,891	—	77	26,864	28,833
Total	7,604,135	3,502,511	2,941,318	440,113	14,488,078
Segment profit(loss)	-683,416	816,819	503,295	96,212	732,910

(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	732,910
Corporate expenses	-965,147
Adjustment of tuition advances	-89,616
Operating loss of the consolidated financial statements	-321,854

(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

None

(Revenue recognition)

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