
 <p>Toshio Tada, President and CEO</p>	TAC Co., Ltd. (4319)
	

Company Information

Exchange	TSE Standard Market
Industry	Service
President	Toshio Tada
HQ Address	Kanda-Misaki-cho 3-2-18, Chiyoda-ku, Tokyo
Year-end	March
Homepage	https://www.tac-school.co.jp/

Stock Information

Share Price	Number of shares issued		Total market cap	ROE(Act.)	Trading Unit
200 yen	18,504,000 shares		3,700 million yen	-	100 shares
DPS(Est.)	Dividend yield (Est.)	EPS(Est.)	PER(Est.)	BPS(Act.)	PBR(Act.)
4.00 yen	2.0%	8.27 yen	24.2 x	323.28 yen	0.6 x

*The share price is the closing price on November 15th. All figures are from the financial results for the fiscal year ended March 2024 and the second quarter of the fiscal year ending March 2025.

Earnings Trends

Fiscal Year	Net Sales	Operating income	Ordinary income	Net Profit	EPS	DPS
March 2021 Act.	19,749	404	646	405	21.92	5.00
March 2022 Act.	20,471	413	442	444	24.05	6.00
March 2023 Act.	19,711	319	324	214	11.69	6.00
March 2024 Act.	19,001	-307	-329	-219	-	6.00
March 2025 Est.	19,220	270	220	150	8.27	4.00

*Unit: Million yen. Forecasts are based on company estimates. These values are on an accrual basis. Net profit is profit attributable to owners of parent (the same applies for net profit hereinafter).

We present this Bridge Report reviewing financial results for the First Half of the Fiscal Year ending March 2025 and other information about TAC.

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Key Points

- In the first half of the fiscal year ending March 2025, sales increased 0.1% year on year and operating income rose 225.5% year on year to 823 million yen. Sales on a cash basis, on which the company places emphasis for its business, stood at 10,137 million yen, up 1.5% year on year. While both corporations and individuals taking the company's courses decreased, sales in the Publishing Business climbed. In terms of profit, operating income margin improved remarkably from 2.5% in the same period of the previous year to 8.1% because gross profit margin increased and selling, general and administrative expenses dropped. Ordinary income rose 272.2% year on year to 844 million yen and interim net income grew 232.1% year on year to 577 million yen.
- The full-year earnings forecast for the fiscal year ending March 2025 remains unrevised with sales expected to rise 1.1% year on year to 19,220 million yen and operating income projected to be 270 million yen (a loss of 307 million yen in the previous fiscal year). When the earnings forecast for the second half of the fiscal year are combined with the business results delivered in the first half, however, it is projected that sales and operating income will stand at 19,243 million yen and 598 million yen, respectively. With regard to this matter, results of a number of qualification examinations are scheduled to be announced in the third quarter and subsequent quarters, and the company considers that it is necessary to check how things will turn out. The forecast for dividends also remains unchanged with an estimated amount of a dividend being 4.00 yen/share (of which a dividend of 2.00 yen is for the end of the first half of the fiscal year). Dividend payout ratio is expected to be 48.4%.
- The company presented a policy of reviewing the cost structure and striving to ensure reasonable profit at the beginning of the fiscal year ending March 2025. The company's careful review of costs bore fruit, allowing the company to yield business results that far exceeded the full-year forecast in the first half of the fiscal year. While the company's share price rose as its business performance was improved considerably in the first half, its price-book value ratio (PBR) is still significantly lower than 1.0. The company considers that it is essential to expand its top line in order to steadily achieve a PBR of over 1.0, and there will be room for boosting profit given the situation in the first half of the fiscal year.

1. Company Overview

TAC Co., Ltd. is known as the “TAC, The Certification School” where university students and working people come to study to increase their chances of passing tests for various certifications and qualifications. The Company operates schools throughout Japan that educate students and adults in academic fields necessary to pass certification and Public Officer tests to become Certified Public Accountants, Certified Public Tax Accountants, Real Estate Appraisers, Labor and Social Security Attorney, Bar Examination, Judicial Scriveners, and other professional occupations. In addition, TAC also provides various training programs for corporate clients and conducts publishing business as well.

Major Group Companies and Their Business Description

Company Type	Company Name	Segment	Business Description
Consolidated Subsidiaries	TAC General Property Management Co., Ltd.	Personal Education	School classroom building contracts, maintenance work
	TAC INFORMATION TECHNOLOGY (Dalian)Co., Ltd.	Personal Education	Dalian operation center (Administrative task, instruction material monitoring check)
	Online School Co., Ltd.	Personal Education	Business of membership-based education over the Internet
	Waseda Management Publishing Co., Ltd.	Publishing	“W Seminar” brand publishing business
	TAC Profession Bank Co., Ltd.	Manpower Business	Human Resources introduction (headhunting), worker dispatch, job advertising business
	Medical Office Staffing Kansai Co., Ltd.	Manpower Business	Health insurance claims, medical-related staff dispatch business
Equity Method Affiliated Company	Professional Network Co., Ltd.		Publishing of web magazines for professionals

*As of the end of September 2024.

Target markets in each area

Licenses area	Main Programs
① Finance & Accounting	Certified Public Accountant, Bookkeeping, The Japan Accounting and Financial Analysis Examination, Construction Industry Accountant
② Management & Taxation	Certified Public Tax Accountant, Small and Medium Enterprise Mgt. Consultant, IPO Practical Skill Examination, Financial Reporting Practical Skill Examination
③ Financial Services & Real Estate	Real Estate Appraiser, Architects and Building Engineers, First-Class Building Operation and Management Engineer, Real Estate Transaction Agent, Licensed Strata Management Consultant/Licensed Representative of Condominium Management Company, Property Manager, Financial Planner, DC Planner (*1), Securities Analyst (including CFA® (*2)), Securities Broker Representative, Business Management Advisor, Business School, Chiefs of Money Lending Operations, Souzoku Kentei
④ Law	Bar Examination, Judicial Scrivener, Patent Attorney, Certified Administrative Procedures Legal Specialist, The Japan Business Law Examination, Law-related qualifications, Registered Customs Specialist, The Proficiency Test in Trading Business (*3), Intellectual Property Management Skills Test
⑤ Public Officer & Labor	Labor and Social Security Attorney, Nenkin Kentei, Government officials((MCT&MOFA) (*4), Government officials (RS&LG) (*5), Government officials (science), Police officers & Fire dept. officials, Teacher’s Employment Exam, Courses for job seekers in mass communications
⑥ IT & International	IT Specialist (Information Technology Passport Examination, Registered Information Security Specialist Examination, etc.), USCPA, Enrolled Agent (EA), US Certified Management Accountant, CompTIA(*6), IT-related qualifications, Certified Internal Auditor (CIA), TOEIC® L&R TEST
⑦ Medical & Welfare	Introduction and dispatch business of Medical office staffing and nurses, etc.

⑧ Other	Licensed Electrical Engineer, Qualified Electrician, Beneficial Course, Introduction and dispatch business of accounting personnel, miscellaneous revenue, TAC BOOK, W-BOOK, etc.
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(*1) DC : Defined Contribution (*2) CFA®: Chartered Financial Analyst® (*3) The Proficiency Test in Trading Business is registered trademarks of Maunharf Japan Co., Ltd. (*4) MCT&MOFA: Main Career Track & Ministry of Foreign Affairs of Japan (*5) RS&LG: Regular Service & Local Government (*6) CompTIA: Computing Technology Industry Association

【1-1 Corporate History】

TAC was established in December 1980 as a school providing instruction to people seeking to obtain certifications and qualifications through examinations, including courses for the Certified Public Accountant, Bookkeeping, and Certified Public Tax Accountant. In October 2001, TAC listed its shares on the Over-The-Counter Market, and later moved its shares to the Second Section of the Tokyo Stock Exchange in January 2003 and then to the First Section in March 2004. TAC acquired KSS Co., Ltd. (formerly known as Waseda Management Publishing), which conducts certification and qualification acquisition support services including the provision of preparatory courses for Bar Examination, Judicial Scrivener, Patent Attorney, Level-1 Civil Service (Government officials in the Main Career Track), Special Personnel of the MOFA*, in September 2009. Through the addition of this company, TAC has been able to fortify its strengths in the accounting area by adding certification preparatory courses in the legal area, and to round out its service lineup with courses in the Public Officer area. In December 2013, the Company formed a collaborative agreement that included the sharing of capital with Zoshinkai Publishers Co., Ltd. for work in the development of a correspondence course education service for elementary, junior and senior high school students. Furthermore, other M&A activities were conducted in June 2014 to enter into the medical billing area. The company was listed on the Standard Market of TSE in April 2022.

【1-2 Strengths】

(1) Detailed Response to Changes, Revisions in Examination System, Laws

Since the founding of the Company, TAC instructors have made revisions to the text materials used in its courses every year, and this ability to respond to changes and revisions in the examination and legal systems is a distinguishing feature and strength of TAC. For a company like TAC with sales approaching 20.0 billion yen, absorbing the costs of updating text materials on an annual basis is possible. However, new entrants and smaller players in the market have a much more difficult time absorbing the costs of updating teaching materials. Other strengths of TAC include its knowhow and efficiency accumulated over the history of its operations in providing the most updated information to the students of its courses.

(2) Full-Scale Lineup and Active Course Development

TAC has risen to become the top player in the industry through its active efforts to develop courses in new areas, including those targeting university students, and it has become the first company within its industry to list its shares. Along with the acquisition of W Seminar's certification and qualification acquisition support business in 2009, TAC has been able to fortify its weakness in the areas of legal and Public Officer related courses. Consequently, the Company now boasts of a strong business model comprised of the three main cornerstones of accounting (Certified Public Accountant, Certified Public Tax Accountant and Bookkeeping), legal, and Public Officer related certification and qualification acquisition support courses.

(3) Providing Innovative Services with a Focus upon Students

Innovative services are yet another strength of TAC. TAC was the first school in the certification and qualification acquisition support services market to introduce educational media and enable students to choose which instructor they would like to study under. This corporate focus upon satisfying the needs of students is reflected in the quality of the text materials offered and has contributed to the establishment of a strong brand reputation as "TAC, The Certification School."

【1-3 ROE Analysis】

	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24
ROE(%)	8.6	5.7	1.9	7.2	7.4	3.5	-3.6
Net profit Margin (%)	2.11	1.51	0.51	2.05	2.17	1.09	-1.15
Asset Turnover	0.96	0.95	0.97	0.97	0.98	0.93	0.91
Leverage	4.27	4.00	3.81	3.60	3.49	3.41	3.45

2. First Half of Fiscal Year ending March 2025 Earnings Results

(1) Consolidated Earnings

	FY 3/24 1H	Share	FY 3/25 1H	Share	YoY Change	The company's forecast	Compared to the forecast
Sales	10,125	100.0%	10,135	100.0%	+0.1%	10,112	+0.2%
Gross profit	3,994	39.5%	4,296	42.4%	+7.6%	-	-
SG&A	3,741	37.0%	3,473	34.3%	-7.2%	-	-
Operating income	252	2.5%	823	8.1%	+225.5%	495	+66.3%
Ordinary income	226	2.2%	844	8.3%	+272.2%	470	+79.6%
Net profit	173	1.7%	577	5.7%	+232.1%	313	+84.6%

*Units: Million yen. Net profit is net profit attributable to owners of parent (the same applies for net profit hereinafter).

Sales rose slightly and all kinds of profits grew significantly.

In the first half of the fiscal year ending March 2025, sales increased 0.1% year on year and operating income skyrocketed 225.5% year on year to 823 million yen. Sales on a cash basis, on which the company places emphasis for its business, stood at 10,137 million yen, up 1.5% year on year. While both corporations and individuals taking the company's courses decreased, sales in the Publishing Business climbed. In terms of profit, operating income margin improved remarkably from 2.5% in the same period of the previous year to 8.1% because gross profit margin increased from 39.5% in the same period of the previous year to 42.2% owing to a 4.8% decline in cost of goods sold and selling, general and administrative expenses dropped by 7.2%. Ordinary income surged 272.2% year on year to 844 million yen and interim net profit rose 232.1% year on year to 577 million yen.

Regarding Sales

In the certification and qualification acquisition support business conducted by the company, students applying for courses pay the entire amount of tuition fees (sales on a cash basis), which are booked on the liabilities side of the balance sheet as tuition advance. Then, these tuition advances are switched to sales every month that the educational services were provided to the student (sales on an accrual basis). Sales booked on the balance sheet represents sales on an accrual basis, and the company gives priority to the increase in sales on a cash basis as a key management indicator.

Sales on a cash basis in the first half of the fiscal year ending March 2025 stood at 10,137 million yen (up 1.5% year on year).

Regarding Seasonal Characteristics

The company's quarterly trends are as follows. Sales on a cash basis (tuition advance pre-adjustment sales) refers to sales after aggregating tuitions, and sales on an accrual basis (tuition advance post-adjustment sales) refers to sales after allocating tuitions to the period in which the company provides education services.

Examinations for the company's main certification courses, such as Certified Public Accountants and Certified Public Tax Accountant, are held from spring to fall (Q1 to Q3), and applications for courses for mainly university students, such as public officer courses, are concentrated in the spring and summer (Q1 to Q2). Therefore, applications (sales on a cash basis) in the fourth quarter tend to be less than in other quarters. On the other hand, operating expenses, such as rent, instructor fees, and advertising expenses, are booked in a fixed amount each month, so there is no quarterly bias.

(2) Business Segment Trends

The company has adopted a management approach for segment information, through the application of the "Accounting Standard for Disclosure of Segment Information," etc., and shows sales in the following tables as sales "on a cash basis" (before advances received) in accordance with the corporate group's management decision-making.

Sales on a cash basis by Business Segment

	FY 3/24 1H	Share	FY 3/25 1H	Share	YoY Change
Personal Education	5,404	54.1%	5,493	54.2%	+1.7%
Corporate Training	2,418	24.2%	2,354	23.2%	-2.6%
Publishing	1,867	18.7%	1,988	19.6%	+6.5%
Manpower Business	319	3.2%	315	3.1%	-1.2%
Elimination of intersegment transactions	-19	-	-14	-	-
Consolidated Sales	9,989	100.0%	10,137	100.0%	+1.5%

*Units: Million yen

Operating income on a cash basis by Business Segment

	FY 3/24 1H	Profit ratio	FY 3/25 1H	Profit ratio	YoY Change
Personal Education	-229	-	363	6.6%	-
Corporate Training	621	25.7%	627	26.7%	+1.1%
Publishing	311	16.7%	392	19.8%	+26.1%
Manpower Business	84	26.4%	84	26.8%	+0.1%
Corporate expenses	-670	-	-643	-	-
Consolidated Operating income	117	1.2%	825	8.1%	+604.9%

*Units: Million yen

【Personal Education】

Sales grew slightly, and profit and loss improved significantly.

An upward trend in courses such as ones targeting mainly working adults was apparent in the second quarter (July – September), and they have been receiving a lot of applications for a year since the second half of the previous fiscal year. Regarding the performance of each course, courses such as ones for U.S. Certified Public Accountant (USCPA) and Licensed Strata Management Consultant/Licensed Representative of Condominium Management Company as well as ones for Public Officer and Certified Public Accountant which are taken primarily by students showed a weak business performance. Meanwhile, the business performance was strong in such courses as ones for Government officials (MCT& MOFA), Judicial Scrivener, Certified Administrative Procedures Legal Specialist, and Patent Attorney, and sales on a cash basis grew year on year in courses such as ones for Certified Public Tax Accountant, Labor and Social Security Attorney, Real Estate Appraiser, and Architects and Building Engineers. Sales on a cash basis in the first half of this fiscal year for the Personal Education Business as a whole grew year on year. In terms of costs, the reform of the course operation system brought about positive effects, allowing the company to reduce operating expenses, including lecturers' fees, costs for outsourcing production of teaching materials, and rent, by 8.9% year on year to 5,129 million yen in total and increase cash-based operating income and loss by 592 million yen year on year. As a result, sales on a cash basis in the Personal Education Business grew 1.7% year on year to 5,493 million yen and operating income on a cash basis stood at 363 million yen (an operating loss of 229 million yen in the same period of the previous year).

Trend in Personal Education *Sales and operating income and loss are stated on an accrual basis.



(From the company's materials)

【Corporate Training】

Sales declined and profit increased.

The training services for enterprises continued to perform well, but university seminars and the affiliated school business delivered a poor business performance, causing sales to decline year on year. In the Corporate Training Business, the performance was better than that of the previous fiscal year because the training courses for the IT and International field and the Labor field as well as for the field of Financial Services & Real Estate, which is the mainstay, performed solidly. Meanwhile, the performance of university seminars was weaker than that of the same period of the previous year as applicants for government officials continued to drop in number. From the same period of the previous fiscal year, sales in the affiliated school business whose main clients are individuals living in the countryside declined 13.0%, sales from provision of content to vocational schools operating in the countryside went down 12.2%, and sales from drills commissioned by municipalities plummeted 41.5% due to a declining number of orders from municipalities for the service. In terms of costs, the company carried out revisions such as cutbacks in outsourcing and advertising expenses, successfully reducing operating expenses as a whole by 3.9% year on year to 1,726 million yen and yielding a greater cash-based operating income than that of the previous fiscal year. Consequently, sales on a cash basis in the Corporate Training Business shrank 2.6% year on year to 2,354 million yen while operating income on a cash basis grew 1.1% year on year to 672 million yen.

Trend in Corporate Training *Sales and operating income and loss are stated on an accrual basis.



(From the company's materials)

【Publishing】

Sales and profit increased.

The TAC Group's Publishing Business is conducted under two brands: "TAC Publishing" operated by TAC and "W Seminar" (hereinafter referred to as "W Publishing") operated by Waseda Management Publishing Co., Ltd., which is one of TAC's subsidiaries. While improvement in the business conditions in the publishing industry as a whole is expected due chiefly to depressed book sales, the company is endeavoring to boost its business performance. Regarding books used to prepare for qualification exams, sales of books published by TAC Publishing on Bookkeeping, Certified Public Tax Accountant, Small and Medium Enterprise Mgt. Consultant, IT Specialist, and Architects and Building Engineers, and books published by W Publishing on Certified Administrative Procedures Legal Specialist exceeded those in the previous fiscal year. Meanwhile, the sales volume of publications on Real Estate Transaction Agent, Licensed Strata Management Consultant, and Licensed Electrical Engineer was smaller than that in the previous fiscal year. Regarding other books than those used to prepare for qualification exams, sales of traveler's guidebooks dropped considerably from the previous fiscal year, during which traveler's guidebooks sold well in response to the post-pandemic growth of demand for travel. In terms of costs, operating expenses as a whole rose 2.6% year on year to 1,596 million yen. As a result, in accordance with such regulations as the Accounting Standard for Revenue Recognition, sales in the Publishing Business grew 6.5% year on year to 1,988 million yen and operating income went up 26.1% year on year to 392 million yen owing to several factors including the reversal of refund liabilities recorded at the end of the previous fiscal year.

Trend in Publishing 【Breakdown of sales】 (prior to consolidated adjustments)

TAC Publishing: 1,809 million yen, W Publishing: 257 million yen



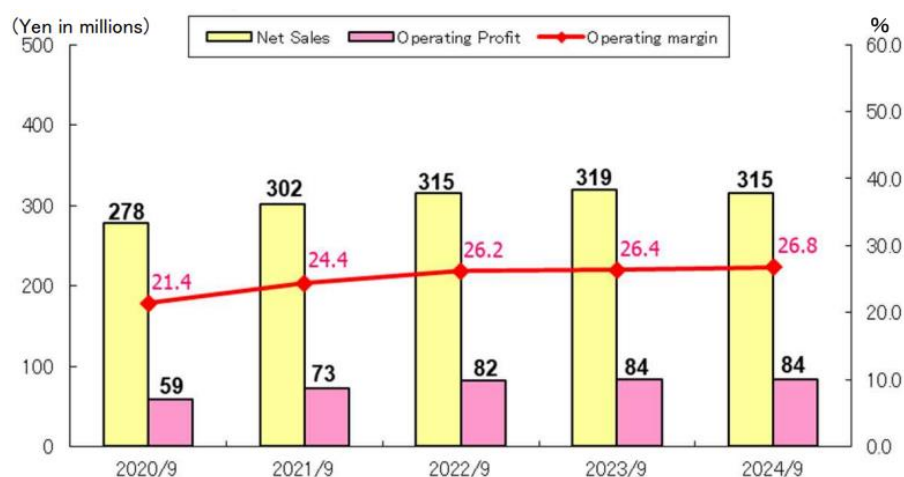
(From the company's materials)

【Manpower Business】

Sales decreased and profit increased.

In the business of introduction and dispatch of accounting personnel managed by TAC Profession Bank Co., Ltd., one of the company's subsidiaries, demand for personnel from organizations such as auditing corporations, tax accounting firms, and general companies remains high. Net sales were almost unchanged year on year because sales of the personnel placement services were strong. In addition to advertisement for accounting personnel targeting tax accounting firms and offices, the company began advertisement for law personnel (judicial scriveners) in the second quarter of this fiscal year. Sales in the business of medical personnel staffing managed by Medical Office Staffing Kansai Co., Ltd. grew on a steady basis with sales remaining almost at the same level as those of the same period of the previous year. As a result, in the Manpower Business, sales shrank 1.2% year on year to 315 million yen and operating income rose 0.1% year on year to 84 million yen.

Trend in Manpower Business



(From the company's materials)

(3) Trend by Certification Category

The company adopted the "Accounting Standards for Revenue Recognition" and other standards, the amount equivalent to expected product returns is directly deducted from net sales for transactions in the publishing business in which there is a possibility of return of goods. The amount equivalent to such returns is calculated based on an overall estimate based on past sales returns, etc., and the deductions for each field are not known. Therefore, the total sales in "FY 3/24 1H" and "FY 3/25 1H" in the table below do not match the sales in the consolidated profit-and-loss statements.

Sales on an accrual basis by Certification Category

	FY 3/24 1H	Share	FY 3/25 1H	Share	YoY Change
Finance, Accounting	1,634	16.3%	1,421	14.4%	-13.0%
Management, Taxation	1,740	17.4%	1,841	18.7%	+5.8%
Financial Service, Real Estate	2,541	25.4%	2,715	27.6%	+6.9%
Law	623	6.2%	657	6.7%	+5.6%
Public Officer, Labor	1,849	18.5%	1,697	17.3%	-8.2%
IT, International	879	8.8%	868	8.8%	-1.2%
Medical, Welfare	145	1.4%	135	1.4%	-7.0%
Others	599	6.0%	506	5.1%	-14.5%
Total	10,012	100.0%	9,844	100.0%	-1.7%

*Unit: Million yen

【Market Overview】

The number of people taking TAC's courses dropped 2.1% year on year to 126,209, of which the number of individual course attendees stood at 73,733 (down 0.6% or 425) and the number of corporate course attendees was 52,476 (down 4.1% or 2,261). Regarding the performance of each course, while the number of individual and corporate course attendees increased 2.2% year on year in the Certified Public Tax Accountant course, 16.0% in the Real Estate Appraiser course, 13.5% in the Financial Planner course, 42.5% in the Architects and Building Engineers course, 13.4% in the Certified Administrative Procedures Legal Specialist course, and 12.0% in the CompTIA course, it went down 3.2% in the Bookkeeping course, 15.6% in the Certified Public Accountant course, 13.5% in the Securities Analyst course, 14.9% in the Government officials (MCT&MOFA)* course, and 9.7% in the Government officials (RS&LG)* course. The number of corporate course attendees declined 3.7% year on year in distance learning courses, 6.8% in university seminars, 11.0% at affiliated schools, and 28.2% in commissioned training.

*MCT&MOFA: Main Career Track & Ministry of Foreign Affairs of Japan

*RS&LG: Regular Service & Local Government

(4) Financial Conditions**◎Main Balance Sheet Items**

	End of March 2024	End of September 2024		End of March 2024	End of September 2024
Cash and deposits	5,745	6,588	Notes and Accounts Payable - trade	580	393
Notes and Accounts Receivable - trade	4,259	4,286	Provision for Loss on Abandonment of Sales Return	377	275
Inventories	936	799	Advances Received	5,462	5,525
Current Assets	11,622	12,164	Asset Retirement Obligation	656	652
Property, Plant and Equipment	4,855	4,774	Interest Bearing Liabilities	5,649	5,899
Intangible Assets	303	300	Liabilities	14,918	14,840
Investments and Other Assets	4,008	3,989	Net Assets	5,872	6,388
Non-current Assets	9,168	9,064	Total Liabilities, Net Assets	20,790	21,229

*Units: Million yen

Current assets increased 541 million yen from the end of the previous fiscal year owing mainly to an increase in cash and deposits. Non-current assets decreased 103 million yen from the end of the previous fiscal year primarily because investments and other assets declined. Total assets stood at 21,229 million yen, up 438 million yen from the end of the previous fiscal year.

Total liabilities went down 78 million yen from the end of the previous year to 14,840 million yen because chiefly of a drop in trade payables.

Owing to such factors as a rise in retained earnings, net assets grew 516 million yen from the end of the previous fiscal year to 6,388 million yen.

As a result, capital-to-asset ratio rose 1.8 points from the end of the previous fiscal year to 30.0%.

3. Fiscal Year ending March 2025 Earnings Estimates

(1) Consolidated Earnings

	FY 3/24 Act.	Share	FY 3/25 Est	Share	YoY Change	1H Actual + 2H Estimate
Sales	19,001	100.0%	19,220	100.0%	+1.1%	19,243
Gross profit	6,988	36.8%	-	-	-	-
SG&A	7,295	38.4%	-	-	-	-
Operating income	-307	-	270	1.4%	-	598
Ordinary income	-329	-	220	1.1%	-	594
Net profit	-219	-	150	0.8%	-	414

*Units: Million yen. Estimates are those of the company.

Projecting an increase in sales and achievement of profitability

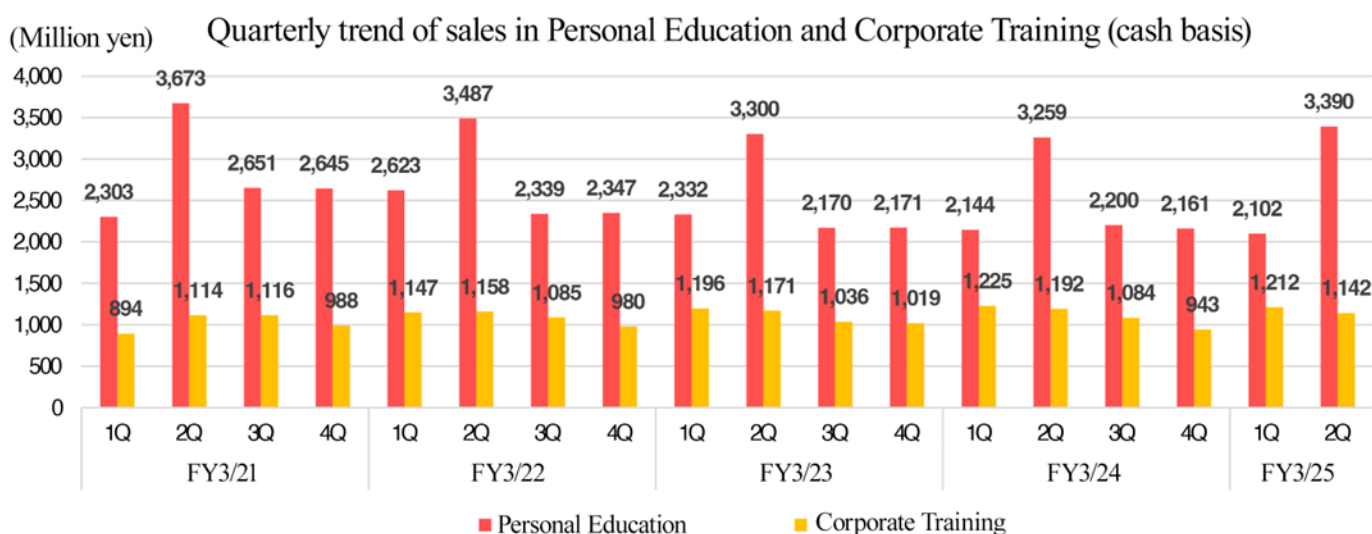
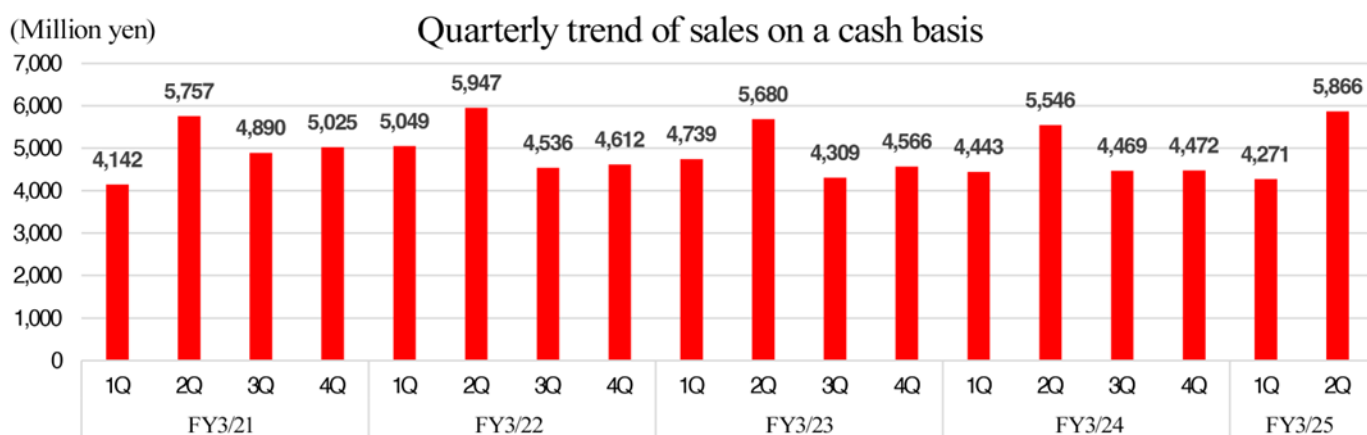
The full-year forecast for the fiscal year ending March 2025 remains unrevised with sales expected to rise 1.1% year on year to 19,220 million yen and operating income projected to be 270 million yen (a loss of 307 million yen in the previous fiscal year). Sales and operating loss, however, are forecast to amount to 9,108 million yen and 225 million yen, respectively, in the second half of the fiscal year. When this forecast is combined with the business results delivered in the first half, sales and operating income will stand at 19,243 million yen and 598 million yen, respectively. TAC did not make any revision to the full-year earnings forecast at this stage because results of a number of qualification exams, including ones for the certified public accountant certification and the certified public tax accountant certification, are scheduled to be announced in the third quarter and subsequent quarters, thus the company considers that it is necessary to check the employment rate and the rate of application for its courses after results of each qualification exam are released.

The forecast for dividends also remains unchanged with an estimated amount of a dividend being 4.00 yen/share (of which a dividend of 2.00 yen is for the end of the first half of the fiscal year). Dividend payout ratio is expected to be 48.4%.

4. Conclusions

The company presented a policy of reforming the cost structure and striving to ensure reasonable profit at the beginning of the fiscal year ending March 2025. While profit climbed significantly from the first quarter, the company's careful optimization of costs in the second quarter in which the volume of sales is generally large bore fruit, allowing the company to yield business results that far exceeded the full-year forecast in the first half of the fiscal year. If earnings in the second half of this fiscal year are as forecast for the period, operating income, together with that of the first half, will be 598 million yen with FPS standing at 22.88 yen, which considerably exceeds the full-year earnings forecast. The results of exams for the certified public accountant certification, the certified public tax accountant certification, and the real estate transaction agent certification, which the company would like to check, will be announced in November, and the company will be able to have a fairly clear outlook when it releases its financial results for the third quarter. The issue that the company needs to tackle in the future will be how it expands the top line. While the learning environment is shifting to a new one that is centered largely on online education, the company is taking various measures against the transition, but it is not easy for the company to increase sales. It takes new initiatives when necessary, and we would like to keep an eye on how it will diversify its sources of earnings.

While the company's share price rose as its business performance was improved considerably in the first half of the fiscal year, its price-book value ratio (PBR) is still significantly lower than 1.0. The company considers that it is essential to expand its top line in order to steadily achieve a PBR of over 1.0, and there will be room for boosting profit given the situation in the first half of the fiscal year.



<Reference: Regarding Corporate Governance>

◎Operating type, and the composition of directors and auditors

Operating type	Company with Audit and Supervisory Committee
Directors who are not members of the Audit and Supervisory Committee	11 directors, including 2 external ones
Directors who are members of the Audit and Supervisory Committee	3 auditors, including 3 external ones

◎Corporate Governance Report

Updated on June 27, 2024

<Basic Policy>

The company's basic policy regarding corporate governance is to put importance on prompt decision-making. The company currently has nine internal directors. On the other hand, the company also assigned five outside directors to properly maintain the corporate governance and the legal compliance system required as a public company, and it operates them to function efficiently.

Japan is rapidly shifting from a mature industrial society to a knowledge society. In the knowledge society, knowledgeable specialists (professionals) are required in various fields, and the areas of their participation are expanding. "Professional" is derived from the word "profess" = "declare in front of God." Thus, in medieval Europe, knowledgeable specialists such as priests, doctors, accountants, and teachers were professionals who made a vow to God when employed. Since the company started the business of training Certified Public Accountants, it has been in charge of training many professionals required in modern times on behalf of universities.

The group has received support from a wide range of customers (university students, working people, and corporations) through its bases and media, with the management philosophy of "cultivating the professionals that society needs" and "being deeply involved in personal growth." The company aims to be a strong player in the education services and human resource training and supply markets. It believes that the most basic proposition required of a joint-stock company, "increasing shareholder value," can be achieved only by having a support base by its customers, who are stakeholders.

That kind of professionals' self-discipline is part of the organizational culture in the group's corporate governance. The directors of the company themselves also aspire to regulate themselves as "management professionals." The Companies Act stipulates that the term of each director shall be one year (two years for directors belonging to the audit and supervisory committee), and shareholders judge whether respective directors have served as "professionals in business administration" in each term at a general meeting of shareholders. Our company adopted the organizational structure as a company with an audit and supervisory committee, and strives to enhance the functions to oversee and audit business management and comply with laws and regulations thoroughly, with the aim of achieving highly transparent business management.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

The company has not followed the following principles in the Corporate Governance Code for the reasons described in the table below.

Principles	Reasons for not implementing the principles
Supplementary principle 1-2 (4)	The great majority of our shareholders consist of individual Japanese shareholders, and the respective ratios of institutional and overseas investors are limited. At the present moment, therefore, our company does not use any electronic voting platforms, etc. or translate notices of convocation of shareholders' meetings into English; however, we will consider working on them if the ratio of institutional or overseas investors increases in the future.
Supplementary Principle 2-4 (1)	Our company bases its assessments and appointments of core personnel on the individual's abilities, regardless of their personal attributes. Therefore, there are no numerical targets based on personal attributes. Moreover, most of our business activities are conducted in Japan, and we do not have any appointment history of foreigners for the management positions. However, in terms of the appointment of core personnel, our company bases its assessments and appointments on individuals' personal abilities, regardless of their attributes, thus, we consider an appointment whenever there is an appropriate person in accordance with our company's future business development. Our company is actively employing mid-career employees in addition to the new graduate, with the aim to develop diverse human resources and establish a vibrant organization.
Supplementary Principle 4-11 (1)	Our company, with the aim to execute our company group's management efficiently and effectively, to contribute to the company's sustainable growth, and to maximize its corporate value, follows its policy to have the Board of the directors composed of diverse members with different backgrounds in abilities, knowledge, and experience. Furthermore, the upper limit of the number of the Directors is set at 15, with up to four Directors who also serves as the member of the audit and supervisory committee, as stated in the Articles of Incorporation, for a quick decision-making process. Moreover, we will discuss a disclosure of the skills matrix as our task in the future.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Our company's policies pertaining to each principle whose disclosure is required by the Corporate Governance Code are as follows (except the principles stated in the above "Reasons for Non-compliance with the Principles of the Corporate Governance Code.")

Principles	Disclosure
Supplementary Principle 3-1 (3)	As initiatives for sustainability, our company is working on promoting paperless business operations, implementing Cool Biz and Warm Biz, and reducing CO2 emissions through saving air conditioning energy, in terms of the environment. Further, in the social aspect, our company promotes acquiring accounting knowledge required for businesspersons, and carries out events such as Bookkeeping Championship Tournament with the aim to contribute to the development of companies and Japan's entire economy.

	<p>Our company's management philosophy is to "contribute to the society through our development of profession."</p> <p>Our company runs educational service business to support students and working adults obtaining national qualifications, etc., and our development of educational contents including textbooks and development of curricula is nothing but an investment in intellectual properties. In addition, developing professions is indispensable for the educational content development, we require our employees to acquire the Official Business Skills Test in Bookkeeping, third grade, and encourage acquiring various qualifications, and proactively provide support for tuition for that purpose.</p>
Principle 5-1	<p>Our company has established a department devoted to dealing with inquiries from investors including shareholders (IR Office). We appropriately handle each and every inquiry, except for any information that is deemed to be highly likely to go against the regulations for insider trading.</p>

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