

Summary

Consolidated Financial Results for the Six Months Ended September 30, 2024 <JGAAP>

November 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
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 Scheduled date to commence dividend payments: December 3, 2024
 Scheduled date to submit the semi-annual securities report: November 12, 2024
 Supplemental information for financial statements: Yes
 Results briefing session: Yes (for investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated 2nd quarter results for the fiscal year ending March 2025

(From April 1, 2024 to September 30, 2024)

(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)	%
FY2024 (Apr.1,2024-Sep.30,2024)	10,135	0.1	823	225.5	844	272.2	577	232.1
FY2023 (Apr.1,2023-Sep.30,2023)	10,125	-5.9	252	-73.1	226	-75.5	173	-71.7

(Notes) Comprehensive income: FY2024(2024/9) 571 million yen (247.6%) FY2023(2023/9) 164 million yen (-73.4%)

	Profit per share	Fully diluted profit per share
	(Yen)	(Yen)
FY2024 (Apr.1,2024-Sep.30,2024)	31.87	—
FY2023 (Apr.1,2023-Sep.30,2023)	9.59	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Yen in millions)	(Yen in millions)	%
FY2024 (As of Sep.30,2024)	21,229	6,388	30.0
FY2023 (As of Mar.31,2024)	20,790	5,872	28.2

(Notes) Equity FY2024(2024/9) 6,379 million yen FY2023(2024/3) 5,862 million yen

2. Dividends

	Annual dividends per share				
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
FY2023 (Apr.1,2023-Mar.31,2024)	(Yen) —	(Yen) 3.00	(Yen) —	(Yen) 3.00	(Yen) 6.00
FY2024 (Apr.1,2024-Mar.31,2025)	—	2.00			
FY2024(Forecast)			—	2.00	4.00

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

3. Consolidated forecasts for March 2025 term (From April 1, 2024 to March 31, 2025)

(% 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	19,220	1.1	270	—	220	—	150	—	8.27

(Note) Revision of consolidated financial results forecasts: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: 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)	FY2024 2 nd quarter	18,504,000 shares	FY2023	18,504,000 shares
(4)-2 Number of treasury shares at the end of the period	FY2024 2 nd quarter	370,168 shares	FY2023	370,168 shares
(4)-3 Average number of shares during the period	FY2024 2 nd quarter	18,133,832 shares	FY2023 2 nd quarter	18,133,832 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)

	FY2023 (as of March 31, 2024)	FY2024 (as of September 30, 2024)
Assets		
Current assets		
Cash and deposits	5,745,728	6,588,916
Notes and accounts receivable - trade	4,259,617	4,286,133
Merchandise and finished goods	601,275	474,463
Work in process	5,723	37,689
Raw materials and supplies	329,702	287,136
Accounts receivable – other	38,711	4,250
Prepaid expenses	282,721	269,872
Other	362,120	218,342
Allowance for doubtful accounts	-2,872	-2,283
Total current assets	11,622,728	12,164,520
Non-current assets		
Property, plant and equipment		
Land	2,744,159	2,744,159
Other, net	2,111,705	2,030,660
Total property, plant and equipment	4,855,864	4,774,819
Intangible assets	303,489	300,202
Investments and other assets		
Investment securities	532,733	521,890
Deferred tax assets	620,279	521,476
Long-term time deposits	100,000	100,000
Guarantee deposits	2,012,262	2,068,719
Insurance funds	642,965	686,184
Other	126,327	117,361
Allowance for doubtful accounts	-25,779	-25,779
Total Investments and other assets	4,008,789	3,989,853
Total non-current assets	9,168,143	9,064,875
Total assets	20,790,872	21,229,396

(Yen in thousands)

	FY2023 (as of March 31, 2024)	FY2024 (as of September 30, 2024)
Liabilities		
Current Liabilities		
Notes and accounts payable – trade	580,431	393,927
Short-term loans payable	1,500,000	2,050,000
Current portion of long-term loans payable	2,417,684	2,322,644
Accounts payable - other	382,688	433,464
Accrued expenses	439,695	455,905
Income taxes payable	37,440	217,137
Provision for loss on abandonment of sales return	377,550	275,259
Provision for bonuses	183,826	186,858
Advances received	5,462,715	5,525,838
Asset retirement obligations	56,498	67,864
Other	1,014,586	671,732
Total current liabilities	12,453,117	12,600,632
Non-current liabilities		
Long-term loans payable	1,732,258	1,527,206
Long-term accounts payable - directors' retirement benefits	25,077	25,077
Asset retirement obligations	599,748	584,455
Provision for repairs	37,300	37,300
Other	71,328	65,796
Total non-current liabilities	2,465,712	2,239,836
Total liabilities	14,918,830	14,840,469
Net assets		
Shareholders' equity		
Capital stock	940,200	940,200
Capital surplus	790,547	790,547
Retained earnings	4,186,563	4,710,065
Treasury shares	-75,155	-75,155
Total shareholders' equity	5,842,155	6,365,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-33,460	-35,341
Foreign currency translation adjustment	53,576	48,712
Total accumulated other comprehensive income	20,115	13,370
Non-controlling interests	9,771	9,898
Total net assets	5,872,042	6,388,926
Total liabilities and net assets	20,790,872	21,229,396

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

Quarterly consolidated statement of income

(Yen in thousands)

	FY2023 (Apr. 1, 2023-Sep. 30, 2023)	FY2024 (Apr. 1, 2024-Sep. 30, 2024)
Net sales	10,125,749	10,135,743
Cost of sales	6,130,835	5,838,834
Gross profit	3,994,914	4,296,909
Selling, general and administrative expenses	3,741,977	3,473,567
Operating profit	252,937	823,341
Non-operating income		
Interest income	3,530	3,493
Gain on sale of investment securities	3,499	—
Insurance claim income	—	37,827
Foreign exchange gains	—	3,401
Commission income	2,776	2,612
Other	2,088	2,605
Total non-operating income	11,895	49,940
Non-operating expenses		
Interest expenses	16,235	19,313
Commission expenses	3,551	2,539
Share of loss of entities accounted for using equity method	4,834	7,258
Foreign exchange losses	6,617	—
Other	6,820	35
Total non-operating expenses	38,058	29,147
Ordinary profit	226,773	844,134
Extraordinary income		
Gain on liquidation of investment securities	13,224	—
Total extraordinary income	13,224	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	24
Loss on valuation of investment securities	6,499	—
Total extraordinary losses	6,499	24
Profit before income taxes	233,498	844,109
Income taxes – current	56,970	165,902
Income taxes – deferred	1,836	99,632
Total income taxes	58,806	265,535
Profit	174,691	578,574
Profit attributable to non-controlling interests	698	670
Profit attributable to owners of parent	173,992	577,903

Quarterly consolidated statement of comprehensive income

	(Yen in thousands)	
	FY2023 (Apr. 1, 2023-Sep. 30, 2023)	FY2024 (Apr. 1, 2024-Sep. 30, 2024)
Profit	174,691	578,574
Other comprehensive income		
Valuation difference on available-for-sale securities	-19,356	-1,880
Foreign currency translation adjustment	9,166	-4,863
Total other comprehensive income	-10,189	-6,744
Comprehensive income	164,501	571,829
(Breakdown)		
Comprehensive income attributable to owners of parent	163,802	571,159
Comprehensive income attributable to non-controlling interests	698	670

(3) Quarterly consolidated statement of cash flows

(Yen in thousands)

	FY2023 (Apr. 1, 2023-Sep. 30, 2023)	FY2024 (Apr. 1, 2024-Sep. 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	233,498	844,109
Depreciation	190,390	172,066
Increase (decrease) in allowance for doubtful accounts	-154	-589
Increase (decrease) in provision for bonuses	-1,109	3,031
Increase (decrease) in provision for loss on abandonment of sales return	-6,308	-102,291
Interest and dividend income	-3,647	-3,627
Insurance claim income	—	-37,827
Interest expenses	16,235	19,313
Commission expenses	2,551	2,539
Loss (gain) on sale of investment securities	-3,499	—
Loss(gain) on investments in investment securities	692	—
Loss (gain) on liquidation of investment securities	-13,224	—
Share of loss (profit) of entities accounted for using equity method	4,834	7,258
Decrease (increase) in notes and accounts receivable - trade	-802,554	-26,685
Decrease (increase) in inventories	114,019	137,412
Increase (decrease) in notes and accounts payable - trade	-61,787	-186,428
Loss (gain) on valuation of investment securities	6,499	—
Increase (decrease) in advances received	-53,513	63,123
Other, net	-106,354	-70,386
Sub-total	-483,434	821,017
Interest and dividend income received	6,186	6,470
Interest expenses paid	-16,190	-19,285
Income tax refund	28,993	37,513
Income taxes paid	-38,056	-36,894
Proceeds from subsidy income	132	250
Net cash provided by (used in) operating activities	-502,368	809,071
Cash flows from investing activities		
Proceeds from sale and redemption of securities	200,000	—
Purchase of property, plant and equipment	-29,142	-18,690
Payments for restoration	-24,470	-21,597
Purchase of intangible assets	-57,126	-46,538
Proceeds from sales and redemption of investment securities	3,500	—
Proceeds from liquidation of investment securities	13,224	—
Decrease (increase) in time deposits	—	-500,000
Payments for guarantee deposits	-22,763	-69,567
Proceeds from collection of guarantee deposits	41,203	13,065
Purchase of insurance funds	—	-135,000
Proceeds from maturity of insurance funds	—	137,827
Net cash provided by (used in) investing activities	124,425	-640,499

(Yen in thousands)

	FY2023 (Apr. 1, 2023-Sep. 30, 2023)	FY2024 (Apr. 1, 2024-Sep. 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	100,000	550,000
Proceeds from long-term loans payable	1,000,000	200,000
Repayments of long-term loans payable	-448,537	-500,092
Cash dividends paid	-54,171	-54,185
Dividends paid to non-controlling interests	-857	-544
Repayments of lease obligations	-12,749	-16,768
Other, net	-2,051	-2,539
Net cash provided by (used in) financing activities	581,632	175,869
Effect of exchange rate change on cash and cash equivalents	2,163	-1,253
Net increase (decrease) in cash and cash equivalents	205,853	343,187
Cash and cash equivalents at the beginning of the period	6,103,857	5,745,728
Cash and cash equivalents at the end of the period	6,309,711	6,088,916

(4) Notes for quarterly consolidated financial statements

(Going-Concern Assumption)

None

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

None

(Segment information)

I, Second quarter of the previous fiscal year (April 1, 2023 – September 30, 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	18,817	434,941	1,867,238	81,601	2,402,599
Goods or services transferred over time	5,384,008	1,983,222	—	220,056	7,587,286
Revenue from contracts with customers	5,402,825	2,418,163	1,867,238	301,658	9,989,885
External customers	5,402,825	2,418,163	1,867,238	301,658	9,989,885
Intersegment and transfer	1,221	—	77	17,727	19,027
Total	5,404,047	2,418,163	1,867,315	319,385	10,008,913
Segment profit(loss)	-229,314	621,377	311,521	84,402	787,987

(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	787,987
Corporate expenses	-670,914
Adjustment of tuition advances	135,863
Operating profit of the consolidated financial statements	252,937

(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

None

II, Second quarter of the current fiscal year (April 1, 2024 – September 30, 2024)

(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	17,094	402,918	1,988,911	93,012	2,501,936
Goods or services transferred over time	5,475,497	1,951,992	—	208,256	7,635,746
Revenue from contracts with customers	5,492,592	2,354,910	1,988,911	301,269	10,137,683
External customers	5,492,592	2,354,910	1,988,911	301,269	10,137,683
Intersegment and transfer	806	—	28	14,163	14,998
Total	5,493,398	2,354,910	1,988,939	315,433	10,152,682
Segment profit(loss)	363,507	627,988	392,816	84,521	1,468,833

(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	1,468,833
Corporate expenses	-643,551
Adjustment of tuition advances	-1,940
Operating profit of the consolidated financial statements	823,341

(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)".