

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Non-Consolidated Financial Results for the Three Months Ended January 31, 2023 (Based on Japanese GAAP)

March 13, 2023

Company name: GAKUJO Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2301 URL <https://company.gakujo.ne.jp>  
 Representative: President and CEO Taishi Nakai  
 Inquiries: Administration Division General Manager Toshihiko Nojima TEL 03-3593-1500  
 Scheduled date to file Quarterly Securities Report: March 17, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the three months ended January 31, 2023 (from November 1, 2022 to January 31, 2023)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

|                                     | Net sales       |      | Operating profit |   | Ordinary profit |   | Profit          |   |
|-------------------------------------|-----------------|------|------------------|---|-----------------|---|-----------------|---|
|                                     | Millions of yen | %    | Millions of yen  | % | Millions of yen | % | Millions of yen | % |
| Three months ended January 31, 2023 | 1,121           | 88.3 | (118)            | – | (48)            | – | (40)            | – |
| Three months ended January 31, 2022 | 595             | –    | (419)            | – | (276)           | – | (196)           | – |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Three months ended January 31, 2023 | (2.91)             |  | –                          |  |
| Three months ended January 31, 2022 | (13.91)            |  | –                          |  |

(2) Non-consolidated financial position

|                        | Total assets    | Net assets      | Equity ratio | Net assets per share |
|------------------------|-----------------|-----------------|--------------|----------------------|
|                        | Millions of yen | Millions of yen | %            | Yen                  |
| As of January 31, 2023 | 12,696          | 11,754          | 92.4         | 842.00               |
| As of October 31, 2022 | 13,810          | 12,232          | 88.3         | 876.29               |

2. Cash dividends

|   | Annual dividends per share |                 |                 |                 |       |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
|   | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|   | Yen                        | Yen             | Yen             | Yen             | Yen   |
| Year ended October 31, 2022             | –                          | 18.00           | –               | 25.00           | 43.00 |
| Year ending October 31, 2023            | –                          | –               | –               | –               | –     |
| Year ending October 31, 2023 (Forecast) | –                          | 24.00           | –               | 24.00           | 48.00 |

3. Forecast of non-consolidated financial results for the year ending October 31, 2023 (from November 1, 2022 to October 31, 2023)

Percentages indicate year-on-year changes

|                                  | Net sales       |      | Operating profit |      | Ordinary profit |       | Profit          |       | Earnings per share |
|----------------------------------|-----------------|------|------------------|------|-----------------|-------|-----------------|-------|--------------------|
|                                  | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %     | Millions of yen | %     | Yen                |
| Six months ending April 30, 2023 | 2,878           | 33.1 | 215              | –    | 273             | 325.2 | 186             | 900.6 | 13.23              |
| Full year                        | 8,000           | 18.1 | 2,173            | 34.0 | 2,300           | 12.8  | 1,560           | 11.7  | 110.95             |

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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: | Yes |
| Changes in accounting policies due to other reasons:   | No  |
| Changes in accounting estimates:   | No  |
| Restatement of prior period financial statements:  | No  |

(3) Number of issued shares (common shares)

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

|                        |                   |                        |                   |
|------------------------|-------------------|------------------------|-------------------|
| As of January 31, 2023 | 15,560,000 shares | As of October 31, 2022 | 15,560,000 shares |
|------------------------|-------------------|------------------------|-------------------|

Number of treasury shares at the end of the period

|                        |                  |                        |                  |
|------------------------|------------------|------------------------|------------------|
| As of January 31, 2023 | 1,621,647 shares | As of October 31, 2022 | 1,635,647 shares |
|------------------------|------------------|------------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Three months ended January 31, 2023 | 13,924,657 shares | Three months ended January 31, 2022 | 14,145,953 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

|  | As of October 31, 2022 | As of January 31, 2023 |
|--|------------------------|------------------------|
| <b>Assets</b>  |                        |                        |
| <b>Current assets</b>                                      |                        |                        |
| Cash and deposits  | 4,463,363              | 3,764,347              |
| Notes and accounts receivable - trade, and contract assets | 1,572,409              | 988,759                |
| Securities   | 100,010                | 99,990                 |
| Work in process  | 8,850                  | 34,564                 |
| Prepaid expenses   | 47,519                 | 89,564                 |
| Other  | 25,746                 | 31,064                 |
| Allowance for doubtful accounts                            | (501)                  | (315)                  |
| <b>Total current assets</b>                                | <b>6,217,398</b>       | <b>5,007,975</b>       |
| <b>Non-current assets</b>                                  |                        |                        |
| <b>Property, plant and equipment</b>                       |                        |                        |
| Buildings  | 667,675                | 667,675                |
| Accumulated depreciation                                   | (376,972)              | (381,098)              |
| Buildings, net   | 290,703                | 286,577                |
| Structures   | 6,159                  | 6,159                  |
| Accumulated depreciation                                   | (5,851)                | (5,867)                |
| Structures, net  | 307                    | 292                    |
| Machinery and equipment                                    | 3,428                  | 4,902                  |
| Accumulated depreciation                                   | (3,256)                | (3,290)                |
| Machinery and equipment, net                               | 171                    | 1,612                  |
| Tools, furniture and fixtures                              | 45,940                 | 43,676                 |
| Accumulated depreciation                                   | (23,600)               | (20,316)               |
| Tools, furniture and fixtures, net                         | 22,340                 | 23,359                 |
| Land   | 526,457                | 526,457                |
| <b>Total property, plant and equipment</b>                 | <b>839,980</b>         | <b>838,298</b>         |
| <b>Intangible assets</b>                                   |                        |                        |
| Software   | 307,624                | 280,137                |
| Telephone subscription right                               | 6,505                  | 6,505                  |
| <b>Total intangible assets</b>                             | <b>314,129</b>         | <b>286,642</b>         |
| <b>Investments and other assets</b>                        |                        |                        |
| Investment securities                                      | 5,901,825              | 6,025,892              |
| Long-term prepaid expenses                                 | 15,216                 | 14,666                 |
| Deferred tax assets  | 252,790                | 302,467                |
| Guarantee deposits   | 86,360                 | 84,260                 |
| Insurance funds  | 183,217                | 135,900                |
| Other  | 6,500                  | 6,500                  |
| Allowance for doubtful accounts                            | (6,500)                | (6,500)                |
| <b>Total investments and other assets</b>                  | <b>6,439,410</b>       | <b>6,563,187</b>       |
| <b>Total non-current assets</b>                            | <b>7,593,520</b>       | <b>7,688,129</b>       |
| <b>Total assets</b>  | <b>13,810,919</b>      | <b>12,696,105</b>      |

(Thousands of yen)

|   | As of October 31, 2022 | As of January 31, 2023 |
|---|------------------------|------------------------|
| <b>Liabilities</b>                                    |                        |                        |
| Current liabilities                                   |                        |                        |
| Notes and accounts payable - trade                    | 322,664                | 188,682                |
| Accounts payable - other                              | 143,553                | 81,492                 |
| Income taxes payable                                  | 339,438                | 3,947                  |
| Provision for bonuses                                 | 235,000                | 60,300                 |
| Contract liabilities                                  | 174,244                | 262,493                |
| Other   | 127,206                | 108,686                |
| Total current liabilities                             | 1,342,107              | 705,602                |
| Non-current liabilities                               |                        |                        |
| Long-term accounts payable - other                    | 217,800                | 217,800                |
| Long-term guarantee deposits                          | 18,541                 | 18,541                 |
| Total non-current liabilities                         | 236,341                | 236,341                |
| Total liabilities                                     | 1,578,449              | 941,943                |
| <b>Net assets</b>                                     |                        |                        |
| Shareholders' equity                                  |                        |                        |
| Share capital   | 1,500,000              | 1,500,000              |
| Capital surplus                                       | 3,352,325              | 3,349,268              |
| Retained earnings                                     | 9,289,731              | 8,901,162              |
| Treasury shares                                       | (1,837,518)            | (1,821,790)            |
| Total shareholders' equity                            | 12,304,538             | 11,928,639             |
| Valuation and translation adjustments                 |                        |                        |
| Valuation difference on available-for-sale securities | (102,803)              | (192,558)              |
| Total valuation and translation adjustments           | (102,803)              | (192,558)              |
| Share acquisition rights                              | 30,736                 | 18,080                 |
| Total net assets                                      | 12,232,470             | 11,754,161             |
| <b>Total liabilities and net assets</b>               | 13,810,919             | 12,696,105             |

**Non-consolidated statements of income (cumulative)**

(Thousands of yen)

|  | Three months ended<br>January 31, 2022 | Three months ended<br>January 31, 2023 |
|--|--|--|
| Net sales                                    | 595,738                                | 1,121,606                              |
| Cost of sales                                | 322,237                                | 454,731                                |
| Gross profit                                 | 273,500                                | 666,874                                |
| Selling, general and administrative expenses | 692,734                                | 785,611                                |
| Operating loss                               | (419,234)                              | (118,736)                              |
| Non-operating income                         |  |  |
| Interest income                              | 125                                    | 125                                    |
| Interest on securities                       | 25,033                                 | 30,790                                 |
| Dividend income                              | 763                                    | 7,308                                  |
| Gain on sale of investment securities        | 94,895                                 | 33,378                                 |
| Rental income from buildings                 | 10,010                                 | 9,993                                  |
| Other  | 16,021                                 | 2,422                                  |
| Total non-operating income                   | 146,848                                | 84,018                                 |
| Non-operating expenses                       |  |  |
| Rental costs on real estate                  | 2,160                                  | 1,919                                  |
| Loss on cancellation of insurance policies   | –                                      | 3,311                                  |
| Foreign exchange losses                      | –                                      | 6,809                                  |
| Loss on valuation of investment securities   | –                                      | 1,677                                  |
| Other  | 1,473                                  | 98                                     |
| Total non-operating expenses                 | 3,633                                  | 13,817                                 |
| Ordinary loss                                | (276,019)                              | (48,535)                               |
| Loss before income taxes                     | (276,019)                              | (48,535)                               |
| Income taxes - current                       | 2,394                                  | 2,026                                  |
| Income taxes - deferred                      | (81,696)                               | (10,102)                               |
| Total income taxes                           | (79,301)                               | (8,075)                                |
| Loss   | (196,718)                              | (40,459)                               |