

Translation

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

June 12, 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: June 14, 2023
 Scheduled date to commence dividend payments: July 3, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended April 30, 2023 (from November 1, 2022 to April 30, 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	%
Six months ended April 30, 2023	3,217	48.8	454	–	574	792.8	387	1,986.9
Six months ended April 30, 2022	2,161	–	(128)	–	64	–	18	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended April 30, 2023	27.84		27.80	
Six months ended April 30, 2022	1.32		1.31	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of April 30, 2023	13,526	12,203	90.1	873.73
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	–	24.00	–	–	–
Year ending October 31, 2023 (Forecast)	–	–	–	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
Full year	8,450	24.8	2,210	36.3	2,420	18.7	1,640	17.4	117.64

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 April 30, 2023	15,560,000 shares	As of October 31, 2022	15,560,000 shares
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Number of treasury shares at the end of the period

As of April 30, 2023	1,613,627 shares	As of October 31, 2022	1,635,647 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2023	13,934,081 shares	Six months ended April 30, 2022	14,134,183 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of October 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	4,463,363	4,248,029
Notes and accounts receivable - trade, and contract assets	1,572,409	913,726
Securities	100,010	100,010
Work in process	8,850	25,904
Prepaid expenses	47,519	96,417
Other	25,746	38,288
Allowance for doubtful accounts	(501)	(291)
Total current assets	6,217,398	5,422,085
Non-current assets		
Property, plant and equipment		
Buildings	667,675	678,338
Accumulated depreciation	(376,972)	(385,351)
Buildings, net	290,703	292,986
Structures	6,159	6,159
Accumulated depreciation	(5,851)	(5,882)
Structures, net	307	277
Machinery and equipment	3,428	5,551
Accumulated depreciation	(3,256)	(3,390)
Machinery and equipment, net	171	2,160
Tools, furniture and fixtures	45,940	50,582
Accumulated depreciation	(23,600)	(21,716)
Tools, furniture and fixtures, net	22,340	28,866
Land	526,457	526,457
Total property, plant and equipment	839,980	850,748
Intangible assets		
Software	307,624	317,149
Telephone subscription right	6,505	6,505
Total intangible assets	314,129	323,654
Investments and other assets		
Investment securities	5,901,825	6,452,030
Long-term prepaid expenses	15,216	14,116
Deferred tax assets	252,790	242,475
Guarantee deposits	86,360	85,339
Insurance funds	183,217	136,343
Other	6,500	6,500
Allowance for doubtful accounts	(6,500)	(6,500)
Total investments and other assets	6,439,410	6,930,305
Total non-current assets	7,593,520	8,104,709
Total assets	13,810,919	13,526,794

(Thousands of yen)

	As of October 31, 2022	As of April 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	322,664	236,286
Accounts payable - other	143,553	129,468
Income taxes payable	339,438	153,225
Contract liabilities	174,244	381,648
Provision for bonuses	235,000	120,800
Other	127,206	65,598
Total current liabilities	1,342,107	1,087,028
Non-current liabilities		
Long-term accounts payable - other	217,800	217,800
Long-term guarantee deposits	18,541	18,586
Total non-current liabilities	236,341	236,386
Total liabilities	1,578,449	1,323,414
Net assets		
Shareholders' equity		
Share capital	1,500,000	1,500,000
Capital surplus	3,352,325	3,351,696
Retained earnings	9,289,731	9,329,561
Treasury shares	(1,837,518)	(1,812,774)
Total shareholders' equity	12,304,538	12,368,484
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(102,803)	(183,183)
Total valuation and translation adjustments	(102,803)	(183,183)
Share acquisition rights	30,736	18,080
Total net assets	12,232,470	12,203,380
Total liabilities and net assets	13,810,919	13,526,794

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Net sales	2,161,897	3,217,390
Cost of sales	967,263	1,185,785
Gross profit	1,194,633	2,031,604
Selling, general and administrative expenses	1,323,344	1,576,759
Operating profit (loss)	(128,710)	454,845
Non-operating income		
Interest income	297	288
Interest on securities	49,024	68,313
Dividend income	2,491	8,290
Gain on sale of investment securities	94,895	33,378
Rental income from buildings	20,016	19,992
Other	35,781	5,126
Total non-operating income	202,505	135,390
Non-operating expenses		
Rental costs on real estate	4,459	3,822
Loss on cancellation of insurance policies	–	3,311
Loss on investments in investment partnerships	4,100	5,830
Loss on valuation of investment securities	–	1,677
Other	882	1,025
Total non-operating expenses	9,442	15,668
Ordinary profit	64,353	574,567
Extraordinary losses		
Loss on termination of retirement benefit plan	29,372	–
Total extraordinary losses	29,372	–
Profit before income taxes	34,980	574,567
Income taxes - current	2,810	140,871
Income taxes - deferred	13,580	45,756
Total income taxes	16,390	186,628
Profit	18,589	387,939

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended April 30, 2022	Six months ended April 30, 2023
Cash flows from operating activities		
Profit before income taxes	34,980	574,567
Depreciation	66,881	69,082
Loss (gain) on sale of investment securities	(94,322)	(33,378)
Loss (gain) on investments in investment partnerships	4,100	5,830
Loss (gain) on valuation of investment securities	–	1,677
Increase (decrease) in provision for bonuses for directors (and other officers)	(16,500)	(18,000)
Increase (decrease) in provision for bonuses	(94,200)	(114,200)
Decrease (increase) in prepaid pension costs	24,997	–
Interest and dividend income	(51,813)	(76,893)
Decrease (increase) in trade receivables	857,512	658,683
Increase (decrease) in trade payables	(112,154)	(86,377)
Increase (decrease) in contract liabilities	278,243	207,403
Increase (decrease) in accounts payable - other	(55,818)	(42,711)
Increase (decrease) in accrued consumption taxes	(116,702)	(25,732)
Decrease (increase) in consumption taxes refund receivable	(52,272)	–
Other, net	(65,729)	(53,831)
Subtotal	607,202	1,066,120
Interest and dividends received	18,483	60,896
Income taxes refund (paid)	(433,968)	(320,655)
Net cash provided by (used in) operating activities	191,718	806,361
Cash flows from investing activities		
Purchase of property, plant and equipment	(545)	(24,218)
Purchase of intangible assets	(37,969)	(36,696)
Purchase of investment securities	(1,589,662)	(1,021,611)
Proceeds from sale of investment securities	1,076,758	278,383
Proceeds from redemption of investment securities	388,587	100,000
Payments of guarantee deposits	(2,417)	(3,178)
Proceeds from cancellation of insurance funds	–	46,873
Other, net	(6,063)	45
Net cash provided by (used in) investing activities	(171,312)	(660,402)
Cash flows from financing activities		
Purchase of treasury shares	(103,376)	–
Dividends paid	(296,988)	(348,037)
Other, net	(4,199)	(13,255)
Net cash provided by (used in) financing activities	(404,564)	(361,293)
Net increase (decrease) in cash and cash equivalents	(384,158)	(215,333)
Cash and cash equivalents at beginning of period	3,194,251	2,463,363
Cash and cash equivalents at end of period	2,810,092	2,248,029