Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 11, 2022

Company name: WASEDA ACADEMY CO.,LTD.
Stock exchange listing: Tokyo
Stock code: 4718 URL https://www.waseda-ac.co.jp/corp/ir/
Representative: Representative Director and President Director,Managing Executive Yutaka Yamamoto
Inquiries: Officer,General Manager of Administration Division Yoko Kono TEL 03-3590-4011
Scheduled date of ordinary general meeting of shareholders: June 24, 2022
Scheduled date to file Securities Report: June 24, 2022
Scheduled date to commence dividend payments: June 27, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	28,551	12.2	1,821	71.2	1,841	70.9	1,108	109.4
Year ended March 31, 2021	25,453	3.4	1,064	(9.0)	1,077	(7.3)	529	(31.5)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	58.76	–	9.9	9.6	6.4
Year ended March 31, 2021	33.13	–	5.5	6.4	4.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	19,663	11,431	58.1	606.22
As of March 31, 2021	18,586	11,004	59.2	583.59

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,645	(1,701)	(1,044)	5,128
Year ended March 31, 2021	1,900	(439)	1,946	5,233

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	5.00	–	15.00	20.00	364	60.4	3.6
Year ended March 31, 2022	–	7.00	–	15.00	22.00	418	37.4	3.7
Year ending March 31, 2023 (Forecast)	–	8.00	–	16.00	24.00		34.7	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	14,922	8.8	879	(4.2)	893	(2.9)	525	(7.8)	27.85
Full year	31,000	8.6	2,149	18.0	2,176	18.2	1,303	17.6	69.11

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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:	Yes
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 March 31, 2022	19,012,452 shares	As of March 31, 2021	19,012,452 shares

Number of treasury shares at the end of the period

As of March 31, 2022	155,334 shares	As of March 31, 2021	155,334 shares

Average number of shares during the period

Year ended March 31, 2022	18,857,118 shares	Year ended March 31, 2021	15,971,360 shares

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,310,679	5,207,200
Trade accounts receivable	1,766,751	1,894,820
Merchandise and finished goods	236,045	231,936
Raw materials and supplies	53,169	68,121
Prepaid expenses	424,626	476,640
Other	14,470	31,523
Allowance for doubtful accounts	(7,078)	(5,896)
Total current assets	7,798,664	7,904,346
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,275,978	8,075,434
Accumulated depreciation	(4,228,613)	(4,408,727)
Buildings and structures, net	3,047,364	3,666,707
Land	1,093,541	1,093,541
Leased assets	1,306,323	1,235,904
Accumulated depreciation	(583,895)	(637,702)
Leased assets, net	722,427	598,202
Construction in progress	–	12,735
Other	858,214	934,647
Accumulated depreciation	(671,037)	(722,689)
Other, net	187,176	211,958
Total property, plant and equipment	5,050,510	5,583,143
Intangible assets		
Software	467,595	416,312
Software in progress	484	–
Goodwill	840,644	1,302,529
Other	44,033	45,465
Total intangible assets	1,352,756	1,764,306
Investments and other assets		
Investment securities	791,216	592,564
Deferred tax assets	692,430	849,762
Guarantee deposits	2,731,913	2,770,148
Other	179,388	209,893
Allowance for doubtful accounts	(10,700)	(10,400)
Total investments and other assets	4,384,248	4,411,968
Total non-current assets	10,787,515	11,759,418
Total assets	18,586,179	19,663,765

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	281,392	344,547
Current portion of long-term borrowings	61,212	–
Accounts payable - other	729,604	741,852
Accrued expenses	946,872	1,027,772
Lease liabilities	241,055	223,343
Income taxes payable	483,521	637,761
Accrued consumption taxes	366,420	358,242
Advances received	716,743	851,704
Provision for bonuses	511,983	579,781
Provision for bonuses for directors (and other officers)	14,500	26,370
Provision for shareholder benefit program	20,594	61,118
Other	119,621	61,893
Total current liabilities	4,493,521	4,914,387
Non-current liabilities		
Long-term borrowings	309,510	–
Lease liabilities	495,808	386,213
Retirement benefit liability	982,274	1,024,689
Asset retirement obligations	1,264,666	1,827,881
Provision for share awards for directors (and other officers)	14,082	43,373
Provision for share awards for employees	6,767	21,420
Other	14,664	14,151
Total non-current liabilities	3,087,774	3,317,729
Total liabilities	7,581,296	8,232,117
Net assets		
Shareholders' equity		
Share capital	2,014,172	2,014,172
Capital surplus	2,019,962	2,019,962
Retained earnings	6,872,149	7,447,532
Treasury shares	(140,229)	(140,229)
Total shareholders' equity	10,766,054	11,341,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229,059	91,347
Foreign currency translation adjustment	71	5,350
Remeasurements of defined benefit plans	9,697	(6,487)
Total accumulated other comprehensive income	238,828	90,210
Non-controlling interests	–	–
Total net assets	11,004,883	11,431,648
Total liabilities and net assets	18,586,179	19,663,765

Consolidated statements of income and consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	25,453,857	28,551,086
Cost of sales	18,770,604	20,684,308
Gross profit	6,683,252	7,866,777
Selling, general and administrative expenses	5,619,058	6,045,210
Operating profit	1,064,194	1,821,567
Non-operating income		
Interest income	28	104
Dividend income	20,631	21,031
Rental income from real estate	9,339	11,196
Gain on extinguished debt	10,941	–
Subsidy income	10,135	–
Other	15,705	18,082
Total non-operating income	66,782	50,415
Non-operating expenses		
Interest expenses	19,831	12,449
Loss on retirement of non-current assets	3,885	16,254
Share issuance costs	16,893	–
Settlement package expenses	10,400	–
Other	2,266	1,914
Total non-operating expenses	53,276	30,618
Ordinary profit	1,077,700	1,841,364
Extraordinary income		
Gain on sale of non-current assets	5,320	–
Grant income	20,348	–
Total extraordinary income	25,669	–
Extraordinary losses		
Loss on sale of non-current assets	11,975	–
Impairment losses	41,292	–
Loss on Corona virus	98,025	–
Total extraordinary losses	151,293	–
Profit before income taxes	952,075	1,841,364
Income taxes - current	495,350	761,925
Income taxes - deferred	(72,386)	(28,589)
Total income taxes	422,964	733,335
Profit	529,111	1,108,028
Profit attributable to		
Profit attributable to owners of parent	529,111	1,108,028
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(137,937)	(137,712)
Foreign currency translation adjustment	4,245	5,278
Remeasurements of defined benefit plans, net of tax	(4,803)	(16,184)
Total other comprehensive income	(138,495)	(148,617)
Comprehensive income	390,615	959,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	390,615	959,410
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	968,749	917,698	6,661,786	(682,718)	7,865,515
Cumulative effects of changes in accounting policies					–
Restated balance	968,749	917,698	6,661,786	(682,718)	7,865,515
Changes during period					
Issuance of new shares	1,045,422	1,045,422			2,090,845
Dividends of surplus			(318,748)		(318,748)
Profit attributable to owners of parent			529,111		529,111
Purchase of treasury shares				(70,200)	(70,200)
Disposal of treasury shares		56,841		612,689	669,530
Net changes in items other than shareholders' equity					
Total changes during period	1,045,422	1,102,263	210,363	542,489	2,900,539
Balance at end of period	2,014,172	2,019,962	6,872,149	(140,229)	10,766,054

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	366,997	(4,173)	14,500	377,324	–	8,242,840
Cumulative effects of changes in accounting policies						–
Restated balance	366,997	(4,173)	14,500	377,324	–	8,242,840
Changes during period						
Issuance of new shares						2,090,845
Dividends of surplus						(318,748)
Profit attributable to owners of parent						529,111
Purchase of treasury shares						(70,200)
Disposal of treasury shares						669,530
Net changes in items other than shareholders' equity	(137,937)	4,245	(4,803)	(138,495)	–	(138,495)
Total changes during period	(137,937)	4,245	(4,803)	(138,495)	–	2,762,043
Balance at end of period	229,059	71	9,697	238,828	–	11,004,883

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,014,172	2,019,962	6,872,149	(140,229)	10,766,054
Cumulative effects of changes in accounting policies			(114,372)		(114,372)
Restated balance	2,014,172	2,019,962	6,757,777	(140,229)	10,651,682
Changes during period					
Issuance of new shares					
Dividends of surplus			(418,273)		(418,273)
Profit attributable to owners of parent			1,108,028		1,108,028
Purchase of treasury shares					
Disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	689,755	–	689,755
Balance at end of period	2,014,172	2,019,962	7,447,532	(140,229)	11,341,437

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	229,059	71	9,697	238,828	–	11,004,883
Cumulative effects of changes in accounting policies						(114,372)
Restated balance	229,059	71	9,697	238,828	–	10,890,511
Changes during period						
Issuance of new shares						
Dividends of surplus						(418,273)
Profit attributable to owners of parent						1,108,028
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity	(137,712)	5,278	(16,184)	(148,617)	–	(148,617)
Total changes during period	(137,712)	5,278	(16,184)	(148,617)	–	541,137
Balance at end of period	91,347	5,350	(6,487)	90,210	–	11,431,648

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	952,075	1,841,364
Depreciation	921,608	1,093,247
Impairment losses	41,292	–
Increase (decrease) in allowance for doubtful accounts	(16,986)	(1,481)
Increase (decrease) in provision for bonuses	79,416	67,798
Increase (decrease) in retirement benefit liability	31,794	18,607
Increase (decrease) in provision for share awards for directors (and other officers)	1,616	29,290
Increase (decrease) in provision for share awards for employees	6,767	14,653
Increase (decrease) in provision for shareholder benefit program	20,594	40,524
Increase (decrease) in provision for bonuses for directors (and other officers)	14,500	11,870
Interest and dividend income	(20,660)	(21,135)
Interest expenses	19,831	12,449
Amortization of goodwill	130,584	146,337
Subsidy income	(20,348)	–
Loss (gain) on sale of non-current assets	6,655	–
Loss (gain) on disposal of non-current assets	3,885	16,254
Share issuance costs	16,893	–
Loss on Corona virus	98,025	–
Decrease (increase) in trade receivables	(328,093)	(12,260)
Decrease (increase) in inventories	34,963	(10,016)
Increase (decrease) in trade payables	117,610	60,141
Increase (decrease) in advances received	(87,517)	(83,330)
Increase (decrease) in accrued consumption taxes	93,018	(14,136)
Amortization of unrecognized items	(292)	480
Decrease (increase) in other assets	61,432	(51,078)
Increase (decrease) in other liabilities	112,998	84,073
Subtotal	2,291,664	3,243,652
Interest and dividends received	20,743	21,186
Interest paid	(19,584)	(12,345)
Subsidies received	20,348	–
Paid for loss of Corona virus	(91,830)	–
Income taxes paid	(321,254)	(607,134)
Net cash provided by (used in) operating activities	1,900,087	2,645,357
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(685,587)
Purchase of property, plant and equipment	(274,430)	(605,532)
Proceeds from sale of property, plant and equipment	192,000	–
Payments for asset retirement obligations	(14,604)	(180,293)
Purchase of intangible assets	(107,546)	(170,353)
Payments of guarantee deposits	(213,567)	(138,975)
Proceeds from refund of guarantee deposits	12,967	78,863
Decrease (increase) in time deposits	(6,375)	(1,438)
Other, net	(28,179)	2,250
Net cash provided by (used in) investing activities	(439,734)	(1,701,067)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	95,000	–
Repayments of long-term borrowings	(252,642)	(370,722)
Repayments of lease liabilities	(243,913)	(256,292)
Proceeds from issuance of shares	2,074,020	–
Purchase of treasury shares	(70,200)	–
Proceeds from disposal of treasury shares	663,272	–
Dividends paid	(318,674)	(417,646)
Net cash provided by (used in) financing activities	1,946,863	(1,044,660)
Effect of exchange rate change on cash and cash equivalents	2,324	(4,545)
Net increase (decrease) in cash and cash equivalents	3,409,540	(104,916)
Cash and cash equivalents at beginning of period	1,823,604	5,233,144
Cash and cash equivalents at end of period	5,233,144	5,128,228