Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 31, 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 to file Quarterly Securities Report: November 4, 2022
Scheduled date to commence dividend payments: November 28, 2022
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative) 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	%
Six months ended September 30, 2022	14,828	8.1	1,096	19.4	1,109	20.6	690	21.2
Six months ended September 30, 2021	13,713	14.8	917	175.7	920	171.6	569	491.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	36.61	–
Six months ended September 30, 2021	30.21	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	19,443	11,865	61.0
As of March 31, 2022	19,663	11,431	58.1

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 March 31, 2022	–	7.00	–	15.00	22.00
Year ending March 31, 2023	–	8.00			
Year ending March 31, 2023 (Forecast)			–	16.00	24.00

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
Full year	31,000	8.6	2,149	18.0	2,176	18.2	1,303	17.6	69.09

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	19,012,452 shares	As of March 31, 2022	19,012,452 shares

Number of treasury shares at the end of the period

As of September 30, 2022	143,784 shares	As of March 31, 2022	155,334 shares

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

Six months ended September 30, 2022	18,858,665 shares	Six months ended September 30, 2021	18,857,118 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	5,207,200	6,131,703
Trade accounts receivable	1,894,820	657,476
Merchandise and finished goods	231,936	212,036
Raw materials and supplies	68,121	89,701
Prepaid expenses	476,640	613,254
Other	31,523	51,536
Allowance for doubtful accounts	(5,896)	(5,752)
Total current assets	7,904,346	7,749,956
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,075,434	8,265,010
Accumulated depreciation	(4,408,727)	(4,602,516)
Buildings and structures, net	3,666,707	3,662,493
Land	1,093,541	1,093,541
Leased assets	1,235,904	1,183,883
Accumulated depreciation	(637,702)	(604,366)
Leased assets, net	598,202	579,516
Construction in progress	12,735	1,881
Other	934,647	962,678
Accumulated depreciation	(722,689)	(756,219)
Other, net	211,958	206,459
Total property, plant and equipment	5,583,143	5,543,891
Intangible assets		
Software	416,312	404,621
Software in progress	–	22,429
Goodwill	1,302,529	1,209,489
Other	45,465	43,328
Total intangible assets	1,764,306	1,679,868
Investments and other assets		
Investment securities	592,564	601,938
Deferred tax assets	849,762	838,470
Guarantee deposits	2,770,148	2,852,041
Other	209,893	187,082
Allowance for doubtful accounts	(10,400)	(10,000)
Total investments and other assets	4,411,968	4,469,532
Total non-current assets	11,759,418	11,693,292
Total assets	19,663,765	19,443,249

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	344,547	337,135
Accounts payable - other	741,852	568,274
Accrued expenses	1,027,772	977,841
Lease liabilities	223,343	222,919
Income taxes payable	637,761	501,059
Accrued consumption taxes	358,242	275,186
Advances received	851,704	616,669
Provision for bonuses	579,781	521,981
Provision for bonuses for directors (and other officers)	26,370	–
Provision for shareholder benefit program	61,118	135,532
Other	61,893	87,120
Total current liabilities	4,914,387	4,243,720
Non-current liabilities		
Lease liabilities	386,213	366,819
Retirement benefit liability	1,024,689	1,033,302
Asset retirement obligations	1,827,881	1,860,399
Provision for share awards for directors (and other officers)	43,373	43,373
Provision for share awards for employees	21,420	10,617
Other	14,151	19,054
Total non-current liabilities	3,317,729	3,333,566
Total liabilities	8,232,117	7,577,286
Net assets		
Shareholders' equity		
Share capital	2,014,172	2,014,172
Capital surplus	2,019,962	2,019,962
Retained earnings	7,447,532	7,852,793
Treasury shares	(140,229)	(129,418)
Total shareholders' equity	11,341,437	11,757,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91,347	97,993
Foreign currency translation adjustment	5,350	16,136
Remeasurements of defined benefit plans	(6,487)	(5,676)
Total accumulated other comprehensive income	90,210	108,452
Non-controlling interests	–	–
Total net assets	11,431,648	11,865,962
Total liabilities and net assets	19,663,765	19,443,249

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	13,713,482	14,828,010
Cost of sales	10,158,203	10,747,645
Gross profit	3,555,278	4,080,364
Selling, general and administrative expenses	2,637,333	2,984,080
Operating profit	917,944	1,096,283
Non-operating income		
Interest income	35	594
Dividend income	11,569	9,174
Rental income from real estate	5,255	6,598
Other	6,447	7,793
Total non-operating income	23,308	24,161
Non-operating expenses		
Interest expenses	6,759	3,909
Loss on retirement of non-current assets	12,473	6,063
Other	1,598	481
Total non-operating expenses	20,832	10,454
Ordinary profit	920,420	1,109,990
Profit before income taxes	920,420	1,109,990
Income taxes - current	283,416	406,380
Income taxes - deferred	67,416	13,163
Total income taxes	350,833	419,543
Profit	569,587	690,447
Profit attributable to		
Profit attributable to owners of parent	569,587	690,447
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(50,484)	6,645
Foreign currency translation adjustment	3,013	10,785
Remeasurements of defined benefit plans, net of tax	166	811
Total other comprehensive income	(47,304)	18,242
Comprehensive income	522,283	708,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	522,283	708,689
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	920,420	1,109,990
Depreciation	583,076	494,507
Increase (decrease) in allowance for doubtful accounts	(1,873)	(544)
Increase (decrease) in provision for bonuses	(18,156)	(57,800)
Increase (decrease) in provision for employee stock benefits	–	(10,802)
Increase (decrease) in provision for shareholder benefit program	(13,014)	74,414
Increase (decrease) in provision for bonuses for directors (and other officers)	(14,500)	(26,370)
Increase (decrease) in retirement benefit liability	19,733	8,612
Interest and dividend income	(11,605)	(9,768)
Interest expenses	6,759	3,909
Amortization of goodwill	65,570	96,097
Loss (gain) on disposal of non-current assets	12,473	6,063
Decrease (increase) in trade receivables	1,145,372	1,237,062
Decrease (increase) in inventories	(33,829)	(1,791)
Increase (decrease) in trade payables	26,161	(7,412)
Increase (decrease) in advances received	(292,913)	(234,394)
Increase (decrease) in accrued consumption taxes	(138,948)	(82,921)
Amortization of unrecognized items for retirement benefits	240	1,169
Decrease (increase) in other assets	(90,725)	(124,121)
Increase (decrease) in other liabilities	(170,480)	(211,758)
Subtotal	1,993,763	2,264,140
Interest and dividends received	11,690	9,504
Interest paid	(6,852)	(3,507)
Income taxes paid	(400,031)	(536,752)
Net cash provided by (used in) operating activities	1,598,569	1,733,383
Cash flows from investing activities		
Purchase of property, plant and equipment	(419,788)	(210,977)
Payments for asset retirement obligations	(147,398)	(1,014)
Purchase of intangible assets	(71,438)	(103,880)
Payments of guarantee deposits	(73,995)	(84,119)
Proceeds from refund of guarantee deposits	44,174	2,147
Expense by acquisition of other investmentetc	(1,800)	–
Proceeds from collection of loans receivable	2,250	–
Decrease (increase) in time deposits	(2,067)	(81,873)
Net cash provided by (used in) investing activities	(670,062)	(479,717)
Cash flows from financing activities		
Repayments of long-term borrowings	(30,606)	–
Repayments of lease liabilities	(130,146)	(122,828)
Proceeds from disposal of treasury shares	–	5,406
Dividends paid	(284,372)	(284,983)
Net cash provided by (used in) financing activities	(445,125)	(402,405)
Effect of exchange rate change on cash and cash equivalents	(1,697)	(8,631)
Net increase (decrease) in cash and cash equivalents	481,684	842,629
Cash and cash equivalents at beginning of period	5,233,144	5,128,228
Cash and cash equivalents at end of period	5,714,828	5,970,857