Translation

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Summary of Non-Consolidated Financial Results for the Year Ended October 31, 2024 (Based on Japanese GAAP)

December 9, 2024

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: Director Shinichiro Inui TEL 03-6775-4510
Scheduled date of ordinary general meeting of shareholders: January 24, 2025
Scheduled date to file Securities Report: January 31, 2025
Scheduled date to commence dividend payments: January 27, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended October 31, 2024 (from November 1, 2023 to October 31, 2024)

(1) Non-consolidated operating results

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	%
Year ended October 31, 2024	10,730	22.2	2,656	15.0	3,053	19.1	2,229	27.2
Year ended October 31, 2023	8,784	29.7	2,310	42.5	2,563	25.7	1,753	25.5

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended October 31, 2024	160.77	160.54	16.1	18.9	24.8
Year ended October 31, 2023	125.74	125.52	13.8	17.4	26.3

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2024	16,739	14,477	86.4	1,056.55
As of October 31, 2023	15,605	13,265	84.9	948.81

(3) Non-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 October 31, 2024	1,633	177	(1,264)	3,929
Year ended October 31, 2023	2,277	(675)	(682)	3,382

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2023	–	24.00	–	27.00	51.00	711	40.6	5.6
Year ended October 31, 2024	–	26.00	–	39.00	65.00	893	40.4	6.4
Year ending October 31, 2025 (Forecast)	–	33.00	–	34.00	67.00		40.4	

3. Forecast of non-consolidated financial results for the year ending October 31, 2025 (from November 1, 2024 to October 31, 2025)

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, 2025	4,732	17.6	647	5.3	762	(14.0)	547	(17.6)	39.44
Full year	12,300	14.6	3,000	12.9	3,200	4.8	2,300	3.1	165.83

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of October 31, 2024	15,560,000 shares	As of October 31, 2023	15,560,000 shares

Number of treasury shares at the end of the period

As of October 31, 2024	1,874,127 shares	As of October 31, 2023	1,598,027 shares

Average number of shares during the period

Year ended October 31, 2024	13,869,824 shares	Year ended October 31, 2023	13,945,150 shares

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of October 31, 2023	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	4,382,812	4,929,331
Notes receivable - trade	6,501	4,442
Accounts receivable - trade and contract assets	1,742,742	2,260,020
Securities	300,599	1,116,903
Work in process	15,413	12,752
Prepaid expenses	92,678	149,033
Other	86,543	62,673
Allowance for doubtful accounts	(557)	(738)
Total current assets	6,626,734	8,534,419
Non-current assets		
Property, plant and equipment		
Buildings	688,898	856,545
Accumulated depreciation	(395,795)	(409,969)
Buildings, net	293,103	446,576
Structures	6,159	6,159
Accumulated depreciation	(5,913)	(5,975)
Structures, net	246	184
Machinery and equipment	5,551	5,551
Accumulated depreciation	(3,609)	(3,985)
Machinery and equipment, net	1,942	1,565
Tools, furniture and fixtures	51,737	117,058
Accumulated depreciation	(25,980)	(41,229)
Tools, furniture and fixtures, net	25,757	75,829
Land	526,457	526,457
Total property, plant and equipment	847,505	1,050,613
Intangible assets		
Software	456,252	580,173
Software in progress	23,606	125,874
Telephone subscription right	6,505	6,505
Total intangible assets	486,364	712,553
Investments and other assets		
Long-term time deposits	1,000,000	1,000,000
Investment securities	5,926,873	4,789,717
Long-term prepaid expenses	27,908	32,056
Deferred tax assets	326,239	267,155
Guarantee deposits	226,455	213,041
Insurance funds	137,734	140,204
Other	6,500	6,500
Allowance for doubtful accounts	(6,500)	(6,500)
Total investments and other assets	7,645,210	6,442,175
Total non-current assets	8,979,080	8,205,341
Total assets	15,605,815	16,739,761

(Thousands of yen)

	As of October 31, 2023	As of October 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	353,441	415,368
Accounts payable - other	416,491	180,680
Accrued expenses	46,701	99,022
Income taxes payable	556,065	545,056
Accrued consumption taxes	158,235	136,225
Contract liabilities	242,271	227,836
Deposits received	10,750	12,863
Unearned revenue	3,189	2,572
Provision for bonuses	290,000	374,000
Provision for bonuses for directors (and other officers)	27,000	36,000
Total current liabilities	2,104,145	2,029,626
Non-current liabilities		
Long-term accounts payable - other	217,800	217,800
Long-term guarantee deposits	18,586	14,382
Total non-current liabilities	236,386	232,182
Total liabilities	2,340,531	2,261,809
Net assets		
Shareholders' equity		
Share capital	1,500,000	1,500,000
Capital surplus		
Legal capital surplus	817,100	817,100
Other capital surplus	2,545,556	2,561,655
Total capital surplus	3,362,656	3,378,755
Retained earnings		
Legal retained earnings	8,455	8,455
Other retained earnings		
General reserve	1,800,000	1,800,000
Retained earnings brought forward	8,551,854	10,045,297
Total retained earnings	10,360,309	11,853,752
Treasury shares	(1,795,248)	(2,293,979)
Total shareholders' equity	13,427,717	14,438,528
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(180,513)	21,343
Total valuation and translation adjustments	(180,513)	21,343
Share acquisition rights	18,080	18,080
Total net assets	13,265,283	14,477,952
Total liabilities and net assets	15,605,815	16,739,761

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Net sales	8,784,768	10,730,691
Cost of sales	2,916,813	3,606,571
Gross profit	5,867,954	7,124,120
Selling, general and administrative expenses		
Promotion expenses	626,388	811,174
Remuneration for directors (and other officers)	91,144	108,210
Provision for bonuses for directors (and other officers)	27,000	36,000
Salaries and allowances	1,207,288	1,423,833
Bonuses	120,690	147,440
Provision for bonuses	286,400	370,400
Retirement benefit expenses	21,616	24,231
Welfare expenses	246,966	330,057
Rent expenses	89,882	219,532
Depreciation	147,426	207,104
Other	692,664	789,507
Total selling, general and administrative expenses	3,557,467	4,467,492
Operating profit	2,310,487	2,656,628
Non-operating income		
Interest income	879	11,147
Interest on securities	143,330	144,819
Dividend income	17,314	9,678
Gain on sale of investment securities	76,186	213,010
Rental income from buildings	39,845	32,475
Other	6,470	2,693
Total non-operating income	284,026	413,823
Non-operating expenses		
Rental costs on real estate	7,913	6,948
Loss on sale and retirement of non-current assets	–	3,839
Loss on sale of investment securities	5,370	–
Loss on cancellation of insurance policies	3,311	–
Loss on investments in investment partnerships	12,258	1,987
Loss on valuation of investment securities	1,677	–
Other	918	3,894
Total non-operating expenses	31,450	16,670
Ordinary profit	2,563,063	3,053,781
Profit before income taxes	2,563,063	3,053,781
Income taxes - current	848,849	853,806
Income taxes - deferred	(39,185)	(29,919)
Total income taxes	809,663	823,887
Profit	1,753,399	2,229,894

Non-consolidated statements of changes in equity

Fiscal year ended October 31, 2023

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings			
					General reserve	Retained earnings brought forward		
Balance at beginning of period	1,500,000	817,100	2,535,225	8,455	1,800,000	7,481,276	(1,837,518)	12,304,538
Changes during period								
Dividends of surplus						(682,821)		(682,821)
Profit						1,753,399		1,753,399
Purchase of treasury shares								
Disposal of treasury shares			10,331				42,270	52,601
Net changes in items other than shareholders' equity								
Total changes during period	–	–	10,331	–	–	1,070,578	42,270	1,123,179
Balance at end of period	1,500,000	817,100	2,545,556	8,455	1,800,000	8,551,854	(1,795,248)	13,427,717

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(102,803)	(102,803)	30,736	12,232,470
Changes during period				
Dividends of surplus				(682,821)
Profit				1,753,399
Purchase of treasury shares				
Disposal of treasury shares				52,601
Net changes in items other than shareholders' equity	(77,710)	(77,710)	(12,656)	(90,366)
Total changes during period	(77,710)	(77,710)	(12,656)	1,032,813
Balance at end of period	(180,513)	(180,513)	18,080	13,265,283

Fiscal year ended October 31, 2024

(Thousands of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
					Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward		
Balance at beginning of period	1,500,000	817,100	2,545,556	8,455	1,800,000	8,551,854	(1,795,248)	13,427,717
Changes during period								
Dividends of surplus						(736,451)		(736,451)
Profit						2,229,894		2,229,894
Purchase of treasury shares							(526,750)	(526,750)
Disposal of treasury shares			16,098				28,019	44,118
Net changes in items other than shareholders' equity								
Total changes during period	–	–	16,098	–	–	1,493,443	(498,730)	1,010,811
Balance at end of period	1,500,000	817,100	2,561,655	8,455	1,800,000	10,045,297	(2,293,979)	14,438,528

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(180,513)	(180,513)	18,080	13,265,283
Changes during period				
Dividends of surplus				(736,451)
Profit				2,229,894
Purchase of treasury shares				(526,750)
Disposal of treasury shares				44,118
Net changes in items other than shareholders' equity	201,857	201,857		201,857
Total changes during period	201,857	201,857	–	1,212,668
Balance at end of period	21,343	21,343	18,080	14,477,952

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,563,063	3,053,781
Depreciation	151,991	211,087
Loss (gain) on sale of investment securities	(70,815)	(213,010)
Loss (gain) on investments in investment partnerships	12,258	1,987
Loss (gain) on valuation of investment securities	1,677	–
Increase (decrease) in provision for bonuses for directors (and other officers)	9,000	9,000
Increase (decrease) in provision for bonuses	55,000	84,000
Interest and dividend income	(161,523)	(165,644)
Decrease (increase) in trade receivables	(176,834)	(515,218)
Increase (decrease) in trade payables	30,776	61,926
Increase (decrease) in accounts payable - other	181,190	(184,644)
Increase (decrease) in accrued consumption taxes	105,315	(22,009)
Increase (decrease) in contract liabilities	68,026	(14,434)
Decrease (increase) in long-term prepaid expenses	(12,691)	(4,148)
Other, net	27,205	41,281
Subtotal	2,783,640	2,343,954
Interest and dividends received	134,991	160,626
Income taxes refund (paid)	(641,381)	(870,791)
Net cash provided by (used in) operating activities	2,277,250	1,633,788
Cash flows from investing activities		
Payments into time deposits	(1,000,000)	–
Proceeds from withdrawal of time deposits	1,000,000	–
Purchase of property, plant and equipment	(38,463)	(257,946)
Purchase of intangible assets	(202,092)	(437,239)
Purchase of investment securities	(1,422,585)	(506,026)
Proceeds from sale of investment securities	950,611	1,031,023
Proceeds from redemption of investment securities	200,000	300,000
Payments of guarantee deposits	(208,208)	(36,122)
Proceeds from refund of guarantee deposits	3,177	90,698
Proceeds from cancellation of insurance funds	42,171	–
Other, net	45	(6,673)
Net cash provided by (used in) investing activities	(675,343)	177,713
Cash flows from financing activities		
Purchase of treasury shares	–	(528,327)
Dividends paid	(682,500)	(736,655)
Other, net	43	–
Net cash provided by (used in) financing activities	(682,457)	(1,264,982)
Net increase (decrease) in cash and cash equivalents	919,449	546,519
Cash and cash equivalents at beginning of period	2,463,363	3,382,812
Cash and cash equivalents at end of period	3,382,812	3,929,331