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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 15, 2023

Company name: GAKKYUSHA CO.,LTD.

Stock exchange listing: Tokyo

Code number: 9769

URL: <https://www.gakkyusha.com/>

Representative: Shinichi Kawabata

Chairman of the Board, President, and Representative
Executive Officer

Contact: Yuji Sashikata

Senior Managing Executive Officer, General Manager of
Administrative Headquarters

Phone: +81-3-6300-5311

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 29, 2023

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	12,986	4.9	2,761	18.7	2,789	15.9	1,881	24.6
March 31, 2022	12,378	9.6	2,326	25.0	2,405	34.7	1,510	36.2

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 1,892 million [19.7%]
Fiscal year ended March 31, 2022: ¥ 1,581 million [43.1%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	171.54	-	35.1	27.1	21.3
March 31, 2022	137.70	-	33.2	24.6	18.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 38 million
Fiscal year ended March 31, 2022: ¥ 49 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	10,678	5,795	54.2	528.16
March 31, 2022	9,890	4,935	49.9	450.01

(Reference) Equity: As of March 31, 2023: ¥ 5,792 million
As of March 31, 2022: ¥ 4,935 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	2,605	(888)	(1,802)	1,929
March 31, 2022	1,928	(628)	(1,310)	1,988

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	40.00	-	35.00	75.00	822	54.5	18.1
March 31, 2023	-	45.00	-	42.00	87.00	954	50.7	17.8
Fiscal year ending March 31, 2024 (Forecast)	-	45.00	-	45.00	90.00		50.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,000	15.5	2,850	3.2	2,909	4.3	1,938	3.0	178.32

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 - New - (Company name:)
 - Exclusion: - (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2023: 10,968,356 shares
 - March 31, 2022: 10,968,356 shares
 - 2) Number of treasury shares at the end of the period:
 - March 31, 2023: - shares
 - March 31, 2022: - shares
 - 3) Average number of shares outstanding during the period:
 - Fiscal Year ended March 31, 2023: 10,968,356 shares
 - Fiscal Year ended March 31, 2022: 10,968,356 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	11,629	4.8	2,663	17.9	2,688	16.2	1,808	26.6
March 31, 2022	11,091	10.4	2,258	26.4	2,314	24.1	1,429	20.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	164.93	-
March 31, 2022	130.31	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	10,322	5,936	57.5	541.20
March 31, 2022	9,862	5,004	50.7	456.27

(Reference) Equity: As of March 31, 2023: ¥ 5,936 million
As of March 31, 2022: ¥ 5,004 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,981,511	1,922,326
Accounts receivable - trade	69,286	57,312
Merchandise	58,206	69,210
Supplies	5,167	5,609
Other	228,283	256,156
Allowance for doubtful accounts	(344)	(575)
Total current assets	2,342,110	2,310,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,397,729	5,815,127
Accumulated depreciation	(1,645,333)	(1,806,263)
Buildings and structures, net	3,752,395	4,008,863
Machinery, equipment and vehicles	58,752	54,125
Accumulated depreciation	(43,416)	(46,413)
Machinery, equipment and vehicles, net	15,336	7,711
Tools, furniture and fixtures	992,599	1,083,857
Accumulated depreciation	(832,185)	(892,395)
Tools, furniture and fixtures, net	160,413	191,462
Land	1,401,936	1,603,633
Right-of-use assets	-	552,471
Accumulated depreciation	-	(243,867)
Right-of-use assets, net	-	308,604
Construction in progress	305	305
Total property, plant and equipment	5,330,387	6,120,580
Intangible assets		
Goodwill	66,506	41,066
Other	47,709	60,026
Total intangible assets	114,216	101,092
Investments and other assets		
Shares of subsidiaries and associates	940,981	955,415
Long-term loans receivable	658	352
Deferred tax assets	125,860	129,648
Guarantee deposits	899,590	923,813
Other	137,186	137,967
Total investments and other assets	2,104,277	2,147,197
Total non-current assets	7,548,880	8,368,870
Total assets	9,890,991	10,678,910

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	25,156	22,623
Short-term borrowings	500,000	-
Current portion of long-term borrowings	260,335	213,845
Lease liabilities	-	142,664
Accounts payable - other	409,729	405,375
Income taxes payable	476,805	616,622
Advances received	1,264,288	1,235,699
Provision for bonuses	37,254	44,076
Other	175,351	363,577
Total current liabilities	3,148,920	3,044,483
Non-current liabilities		
Long-term borrowings	1,672,948	1,459,102
Lease liabilities	-	257,118
Retirement benefit liability	113,169	106,138
Other	20,032	16,144
Total non-current liabilities	1,806,150	1,838,504
Total liabilities	4,955,071	4,882,988
Net assets		
Shareholders' equity		
Share capital	1,216,356	1,216,356
Capital surplus	410,842	410,842
Retained earnings	3,311,771	4,157,566
Total shareholders' equity	4,938,969	5,784,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,895	21,527
Deferred gains or losses on hedges	(1,727)	(1,002)
Foreign currency translation adjustment	(36,314)	(33,157)
Remeasurements of defined benefit plans	21,097	20,867
Total accumulated other comprehensive income	(3,050)	8,233
Non-controlling interests	-	2,922
Total net assets	4,935,919	5,795,921
Total liabilities and net assets	9,890,991	10,678,910

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	12,378,467	12,986,444
Cost of sales	7,993,426	8,109,410
Gross profit	4,385,040	4,877,034
Selling, general and administrative expenses	2,058,683	2,115,615
Operating profit	2,326,356	2,761,418
Non-operating income		
Interest income	5,007	314
Share of profit of entities accounted for using equity method	49,871	38,875
Rental income from buildings	120	10,231
Other	32,504	21,746
Total non-operating income	87,503	71,168
Non-operating expenses		
Interest expenses	6,169	13,575
Litigation expenses	-	25,100
Other	2,110	4,644
Total non-operating expenses	8,280	43,319
Ordinary profit	2,405,579	2,789,267
Extraordinary income		
Gain on change in equity	-	52
Gain on bargain purchase	-	897
Gain on cancellation of leases	-	10,163
Total extraordinary income	-	11,113
Extraordinary losses		
Loss on change in equity	828	-
Impairment losses	76,172	21,424
Loss on retirement of non-current assets	18,031	5,165
Loss on sale of shares of subsidiaries and associates	8,639	-
Loss on cancellation of rental contracts	8,082	3,126
Total extraordinary losses	111,753	29,716
Profit before income taxes	2,293,826	2,770,665
Income taxes - current	743,661	893,411
Income taxes - deferred	7,254	(3,572)
Total income taxes	750,915	889,838
Profit	1,542,910	1,880,826
Profit attributable to non-controlling interests	32,582	(665)
Profit attributable to owners of parent	1,510,328	1,881,491

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,542,910	1,880,826
Other comprehensive income		
Foreign currency translation adjustment	19,277	4,176
Share of other comprehensive income of entities accounted for using equity method	19,040	7,107
Total other comprehensive income	38,318	11,283
Comprehensive income	1,581,229	1,892,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,548,647	1,892,775
Comprehensive income attributable to non-controlling interests	32,582	(665)

Consolidated Statements of Changes in Equity

For the 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	1,216,356	410,842	2,833,129	(264,492)	4,195,835
Changes during period					
Dividends of surplus			(767,784)		(767,784)
Profit attributable to owners of parent			1,510,328		1,510,328
Cancellation of treasury shares			(264,492)	264,492	-
Reversal of revaluation reserve for land			590		590
Net changes in items other than shareholders' equity					
Total changes during period	-	-	478,642	264,492	743,134
Balance at end of period	1,216,356	410,842	3,311,771	-	4,938,969

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,489	-	590	(55,198)	8,749	(41,368)	4,154,467
Changes during period							
Dividends of surplus							(767,784)
Profit attributable to owners of parent							1,510,328
Cancellation of treasury shares							-
Reversal of revaluation reserve for land							590
Net changes in items other than shareholders' equity	9,405	(1,727)	(590)	18,883	12,347	38,318	38,318
Total changes during period	9,405	(1,727)	(590)	18,883	12,347	38,318	781,452
Balance at end of period	13,895	(1,727)	-	(36,314)	21,097	(3,050)	4,935,919

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,216,356	410,842	3,311,771	4,938,969
Cumulative effects of changes in accounting policies			(155,109)	(155,109)
Restated balance	1,216,356	410,842	3,156,661	4,783,859
Changes during period				
Dividends of surplus			(877,468)	(877,468)
Profit attributable to owners of parent			1,881,491	1,881,491
Change in scope of consolidation			(3,118)	(3,118)
Net changes in items other than shareholders' equity				
Total changes during period	-	-	1,000,905	1,000,905
Balance at end of period	1,216,356	410,842	4,157,566	5,784,765

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,895	(1,727)	(36,314)	21,097	(3,050)	-	4,935,919
Cumulative effects of changes in accounting policies							(155,109)
Restated balance	13,895	(1,727)	(36,314)	21,097	(3,050)	-	4,780,809
Changes during period							
Dividends of surplus							(877,468)
Profit attributable to owners of parent							1,881,491
Change in scope of consolidation							(3,118)
Net changes in items other than shareholders' equity	7,632	724	3,156	(229)	11,283	2,922	14,206
Total changes during period	7,632	724	3,156	(229)	11,283	2,922	1,015,111
Balance at end of period	21,527	(1,002)	(33,157)	20,867	8,233	2,922	5,795,921

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,293,826	2,770,665
Depreciation	282,233	407,845
Impairment losses	76,172	21,424
Amortization of goodwill	30,249	25,440
Gain on bargain purchase	-	(897)
Increase (decrease) in provision for bonuses	(3,312)	6,822
Increase (decrease) in allowance for doubtful accounts	(3,205)	230
Increase (decrease) in retirement benefit liability	(37,047)	(7,030)
Interest and dividend income	(5,007)	(314)
Interest expenses	6,169	13,575
Share of loss (profit) of entities accounted for using equity method	(49,871)	(38,875)
Litigation expenses	-	25,100
Gain on cancellation of lease	-	(10,163)
Loss on retirement of non-current assets	18,031	5,165
Loss (gain) on change in equity	828	(52)
Loss (gain) on sale of shares of subsidiaries and associates	8,639	-
Decrease (increase) in trade receivables	20,412	16,781
Decrease (increase) in inventories	13,257	(10,331)
Increase (decrease) in trade payables	5,440	(2,702)
Increase (decrease) in advances received	55,665	(28,737)
Decrease (increase) in prepaid expenses	9,592	(13,378)
Increase (decrease) in accrued consumption taxes	(170,341)	181,981
Other, net	96,377	25,603
Subtotal	2,648,111	3,388,151
Interest and dividends received	29,980	21,915
Interest paid	(5,780)	(13,603)
Payment of litigation expense	-	(25,100)
Income taxes paid	(743,488)	(765,830)
Net cash provided by (used in) operating activities	1,928,822	2,605,533
Cash flows from investing activities		
Purchase of property, plant and equipment	(578,006)	(818,630)
Payments for retirement of property, plant and equipment	(40,874)	(14,584)
Purchase of intangible assets	(35,444)	(28,071)
Purchase of shares of subsidiaries and associates	(10,000)	-
Long-term loan advances	(500)	(200)
Proceeds from collection of long-term loans receivable	5,658	506
Payments of guarantee deposits	(44,874)	(51,225)
Proceeds from refund of guarantee deposits	77,680	19,980
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	3,386
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(1,884)	-
Net cash provided by (used in) investing activities	(628,246)	(888,839)

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500,000	(500,000)
Proceeds from long-term borrowings	668,660	-
Repayments of long-term borrowings	(1,683,495)	(260,335)
Repayments of lease liabilities	-	(168,907)
Dividends paid	(762,780)	(873,654)
Liquidation dividends paid to non-controlling interests	(32,582)	-
Net cash provided by (used in) financing activities	(1,310,198)	(1,802,897)
Effect of exchange rate change on cash and cash equivalents	15,993	19,734
Net increase (decrease) in cash and cash equivalents	6,371	(66,468)
Cash and cash equivalents at beginning of period	1,982,034	1,988,405
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	7,283
Cash and cash equivalents at end of period	1,988,405	1,929,220