

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

Company name: SEIGAKUSHA CO.,LTD. Listing: Tokyo Stock Exchange  
 Stock code: 2179 URL: <https://www.kaisei-group.co.jp/>  
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2023

Scheduled date of payment of dividend: June 29, 2023

Scheduled date of filing of Annual Securities Report: June 28, 2023

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

*(All amounts are rounded down to the nearest million yen)*

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

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	12,671	2.7	712	11.2	727	11.0	421	27.1
Fiscal year ended Mar. 31, 2022	12,333	5.9	640	–	655	–	331	–

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 411 (up 26.9%)

Fiscal year ended Mar. 31, 2022: 323 (–%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2023	75.95	–	14.1	8.6	5.6
Fiscal year ended Mar. 31, 2022	59.75	–	12.4	7.6	5.2

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2023: – Fiscal year ended Mar. 31, 2022: –

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	8,512	3,151	37.0	568.04
As of Mar. 31, 2022	8,488	2,815	33.2	507.25

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 3,151 As of Mar. 31, 2022: 2,815

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2023	802	(419)	(437)	1,398
Fiscal year ended Mar. 31, 2022	1,042	(190)	(748)	1,466

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2022	–	3.30	–	5.00	8.30	46	13.9	1.7
Fiscal year ended Mar. 31, 2023	–	8.50	–	8.50	17.00	94	22.4	3.2
Fiscal year ending Mar. 31, 2024 (forecast)	–	9.00	–	9.00	18.00		24.6	

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,070	4.6	(24)	–	(32)	–	(54)	–	(9.74)
Full year	13,257	4.6	729	2.4	714	(1.9)	406	(3.6)	73.22

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: – Excluded: –

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of issued shares (common stock)

1) Number of shares issued at the end of period (including treasury shares)

As of Mar. 31, 2023: 5,876,000 shares As of Mar. 31, 2022: 5,876,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2023: 327,760 shares As of Mar. 31, 2022: 325,860 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2023: 5,549,653 shares Fiscal year ended Mar. 31, 2022: 5,551,151 shares

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023**

**(April 1, 2022 – March 31, 2023)**

(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	12,253	2.3	686	3.8	670	4.6	365	34.6
Fiscal year ended Mar. 31, 2022	11,981	6.3	660	286.7	641	347.0	271	–

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	65.86	–
Fiscal year ended Mar. 31, 2022	48.93	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	8,099	3,086	38.1	556.29
As of Mar. 31, 2022	8,032	2,795	34.8	503.74

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 3,086 As of Mar. 31, 2022: 2,795

**2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024**

**(April 1, 2023 – March 31, 2024)**

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,844	4.4	7	(79.8)	(14)	–	(2.60)
Full year	12,795	4.4	743	10.9	436	19.3	78.59

\* The current financial report is not subject to audit by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the SEIGAKUSHA's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 for forecast assumptions and notes of caution for usage.
- SEIGAKUSHA plans to hold a financial results information meeting for institutional investors and securities analysts on June 7, 2023. Video of this meeting along with materials distributed at this event will be posted promptly on the SEIGAKUSHA website after this meeting.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year that ended on March 31, 2023, the Japanese economy showed a gradual recovery as the COVID-19 pandemic restrictions were eased in phases. However, the outlook for the economy is still unclear because of geopolitical risks associated with the Ukraine situation and issues relating to China and Taiwan, as well as rapid inflation.

In Japan's education services sector, competition is intensifying due to the declining number of students as the country's population declines and the diversification of educational needs. In addition to conventional education services, the business environment surrounding the industry is undergoing major changes due to the growing demand for education services that utilize ICT and for childcare services such as nursery schools and after-school day care centers.

The SEIGAKUSHA Group meets a broad array of education and childcare needs as an education organization centered on education and childcare services extending from pre-school children to adults. The group operates the FreeStep Individual Tutoring Institute and Kaisei Education Seminar entrance exam preparation schools, Kaisei Nursery School certified nursery schools, Kaisei Academy Japanese Language School for foreign students in Japan, and Kaisei Academy Korean Language School, a Korean language school specializing in medium to advanced level Korean language instruction.

As a result, consolidated net sales were 12,671 million yen, 2.7% higher than in the previous fiscal year. Operating profit was 712 million yen, 11.2% higher than in the previous fiscal year, ordinary profit was 727 million yen, 11.0% higher than in the previous fiscal year, and profit attributable to owners of parent was 421 million yen, 27.1% higher than in the previous fiscal year.

Business segment performance was as follows.

#### 1) Education Services

##### Number of Students at SEIGAKUSHA Group Schools

Category	Nov. 30, 2021	Nov. 30, 2022	Change
Individual tutoring	17,767	18,094	+1.8%
Class teaching	7,034	6,910	(1.8)%
Nursery schools	728	732	+0.5%
Other education services	186	256	+37.6%
Total	25,715	25,992	+1.1%

- Notes: 1. Figures shown are as of the end of November, which is normally when the number of students is the highest.  
2. The number of students is only for examination preparation schools and other education services locations operated by the SEIGAKUSHA Group and does not include students at franchised schools.

In the individual tutoring category, the number of entrance exam preparation students increased. The major reason was continuous marketing activities emphasizing the ability to raise scores and pass university entrance exam, which is a key strength of FreeStep Individual Tutoring Institute, the primary brand in this category, which helped make a difference from competitors. The increasing number of students was also attributable to the use of My Step Log, which is part of SEIGAKUSHA's proprietary LMS (Learning Management System), and to service improvements that included upgrades to the website for members. In the class teaching category, while the program for Osaka City Integrated Junior and Senior High School students continued to perform well, the number of students decreased as a result of slow enrollment for other courses. In the other education service categories, the number of students increased because the number of new students at the Kaisei Academy Japanese Language School increased.

## Number of Schools

Category	Mar. 31, 2022	Increase	Decrease	Mar. 31, 2023
Individual tutoring	229	5	8	226
Class teaching	83	0	7	76
Nursery schools	17	0	0	17
Other education services	6	1	2	5
Directly operated schools	284	6	17	273
Franchised schools	36	9	2	43

Note: Totals for directly operated schools do not match the number of schools in each category because some schools provide two or more types of education services.

During the fiscal year that ended on March 31, 2023, 5 directly operated schools were opened (2 in Tokyo, 1 in Saitama, 1 in Chiba, and 1 in Vietnam), 1 school was converted to direct operation (1 in Nara), 12 schools were closed (8 in Osaka and 4 in Tokyo), and 5 directly operated schools were converted to franchised schools (2 in Osaka, 1 in Tokyo, 1 in Kyoto, and 1 in Nara). As a result, the number of directly operated schools as of March 31, 2023 was 273.

In the franchised school category, 4 new schools were opened (2 in Tokyo, 1 in Saitama, and 1 in Chiba) and 1 school was closed (1 in Osaka). As described above, there were schools converted to direct operation and to franchised schools. As a result, the number of franchised schools as of March 31, 2023 was 43.

## Segment Sales and Earnings

In the class teaching category, while the impact of slow enrollment for summer courses negatively impacted throughout the year, the number of students in the individual tutoring category increased and the number of franchised schools increased steadily. As a result, sales in the entrance exam preparation category increased. In the nursery school category, sales increased due to higher operational subsidies. In the other education service categories, sales increased as a result that the number of new students at the Kaisei Academy Japanese Language School increased, orders taken by a subsidiary producing educational contents were strong, and demand for the use of training facilities recovered.

Expenses in this segment increased because of higher personnel expenses mainly due to salary revisions to improve compensation for employees, higher advertising and marketing expenses due to increased advertising activities to increase the number of students, higher fees and commissions paid associated with use of various systems and maintenance, higher utility expenses due to increased electricity costs and other reasons.

Segment sales increased 2.7% from one year earlier to 12,581 million yen and operating profit was up 10.5% to 754 million yen as sales growth offset the increase in expenses. The earnings in this segment exceeded the level in the previous fiscal year, which was more than in the fiscal year that ended March 2019, which was before the COVID-19 pandemic started.

## 2) Real Estate Leasing

Segment sales decreased 6.6% from one year earlier to 40 million yen due to a decrease in the amount of space available for leasing and operating profit decreased 17.6% to 23 million yen due to an increase in utility expenses caused by an increased electricity rate.

## 3) Restaurant Operations

Sales increased 34.5% from one year earlier to 49 million yen thanks to an increase in the number of customers following the lifting of restrictions on activities caused by the COVID-19 pandemic and revisions to prices. While expenses increased due to higher raw material costs and personnel expenses, sales growth offset the increase in expenses. As a result, operating loss improved from 17 million yen one year earlier to 11 million yen.

**(2) Financial Position**

Assets, liabilities and net assets

## 1) Assets

Current assets increased by 13 million yen, or 0.4%, from the end of the previous fiscal year to 3,271 million yen. This was attributable mainly to an increase of 78 million yen in accounts receivable and contract assets and decreases of 28 million yen in cash and deposits and 15 million yen in short-term loans receivable included in other.

Non-current assets increased by 11 million yen, or 0.2%, from the end of the previous fiscal year to 5,241 million yen. This was attributable mainly to increases of 47 million yen in deferred tax assets and 22 million yen in guarantee deposits and a decrease of 19 million yen in construction in progress.

Total assets increased by 24 million yen, or 0.3%, from the end of the previous fiscal year to 8,512 million yen.

## 2) Liabilities

Current liabilities increased by 20 million yen, or 0.6%, from the end of the previous fiscal year to 3,153 million yen. This was attributable mainly to increases of 121 million yen in accounts payable-other and 64 million yen in provision for bonuses and decreases of 77 million yen in income taxes payable and 76 million yen in accounts payable-trade.

Non-current liabilities decreased by 332 million yen, or 13.1%, from the end of the previous fiscal year to 2,208 million yen. This was attributable mainly to a decrease of 342 million yen in long-term borrowings.

Non-current liabilities decreased by 311 million yen, or 5.5%, from the end of the previous fiscal year to 5,361 million yen.

## 3) Net assets

Net assets increased by 336 million yen, or 11.9%, from the end of the previous fiscal year to 3,151 million yen. This was attributable mainly to an increase of 346 million yen in retained earnings.

**(3) Cash Flows**

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year decreased by 67 million yen from the end of the previous fiscal year to 1,398 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are described as follows.

## 1) Cash flows from operating activities

Net cash provided by operating activities was 802 million yen (a decrease of 240 million yen compared with the previous fiscal year). Major positive factors include profit before income taxes of 631 million yen, depreciation of 336 million yen, and impairment losses of 111 million yen. Major negative factors include income taxes paid of 336 million yen.

## 2) Cash flows from investing activities

Net cash used in investing activities was 419 million yen (an increase of 229 million yen compared with the previous fiscal year). Major factors include purchase of property, plant and equipment of 319 million yen.

## 3) Cash flows from financing activities

Net cash used in financing activities was 437 million yen (a decrease of 310 million yen compared with the previous fiscal year). Major factors include proceeds from long-term borrowings of 500 million yen and repayments of long-term borrowings of 857 million yen.

Reference: Cash flow indicators

	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Equity ratio (%)	30.1	30.3	29.0	33.2	37.0
Equity ratio based on market value (%)	58.1	46.6	53.5	50.6	45.7
Interest-bearing debt to cash flow ratio (%)	397.5	1,042.7	1,361.9	272.6	308.9
Interest coverage ratio (times)	31.2	11.5	9.8	39.9	33.9

Notes: The above figures are calculated as follows.

- Equity ratio: Shareholders' equity / Total assets
  - Equity ratio based on market value: Market capitalization / Total assets  
Market capitalization is calculated by multiplying the closing share price at the period end by the number of shares issued at the period end (less treasury shares)
  - Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows
  - Interest coverage ratio: Operating cash flows / Interest payments
- All indicators are calculated based on consolidated figures.  
Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows.  
Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

#### (4) Outlook

We expect that the current challenging business climate will continue in the next fiscal year due to geopolitical risks and increasing material costs while COVID-19 infection is downgraded to Category 5 under the Infectious Disease Control Law and thereby economic recovery can be expected following normalization of economic activities.

The SEIGAKUSHA Group is firmly committed to its mission of providing outstanding education services and will continue to base all activities on the central vision of “becoming one of Japan’s leading companies by conducting operations that contribute to the growth and development of people.” Also, we intend to expand our business further in the Tokyo metropolitan area with the Tokyo headquarters opened in the 37th term as a starting point.

##### 1) Education Services

In the education services segment, we plan to open directly operated 11 schools and to increase the number of students to 26,559 as of the November peak period, 2.2% more than one year earlier.

In the individual tutoring category, we plan to open 11 directly operated schools and 4 franchised schools. We will raise the percentage of prospective students who register for classes and improve customer satisfaction by operating a guarantee system for raising university entrance exam scores. Also, we will further strengthen the FreeStep brand value by increasing the number of students who pass university entrance examinations as a provider of classes that are successful at enabling students to pass university examinations. In the class teaching category, we will close unprofitable locations, increase the number of students who pass entrance examinations to Osaka City Integrated Junior and Senior High School, and strengthen our brand power in order to increase the number of students in each class. In the nursery school category, we expect a steady growth in the number of students. On top of it, we intend to stabilize revenue of the nursery school business by providing childcare services that match the needs of parents and guardians. In the other education services category, Kaisei Academy Japanese Language School will strengthen its curriculum to meet the diversifying needs of international students.

##### 2) Real Estate Leasing

In the real estate leasing segment, activities will continue to focus on earning profits from leasing unused space at properties owned by group companies.

##### 3) Restaurant Operations

Our goal is to focus on increasing profitability by operating restaurants more efficiently.

Based on this outlook, we forecast an increase of 4.6% in net sales to 13,257 million yen, a 2.4% increase in operating profit to 729 million yen, a 1.9% decrease in ordinary profit to 714 million yen, and a 3.6% decrease in profit attributable to owners of parent to 406 million yen.

#### **(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years**

The basic policy is to pay a consistent and stable dividend while building a strong foundation that can support business operations for many years. The policy for the dividend is to increase the dividend while determining a payout ratio that reflects earnings. Retained earnings are used for increasing corporate value by funding capital expenditures, new businesses, M&A, and other activities for the growth of business operations.

In accordance with this policy, there was an interim dividend of 8.50 yen per share and we plan to submit a resolution at the shareholders meeting for a year-end dividend of 8.50 yen per share. If this resolution is approved, the total annual dividend will be 17.00 yen per share. For the fiscal year ending March 31, 2024, we plan to pay interim and year-end dividends of 9.00 yen per share each, resulting in the total annual dividend of 18.00 yen per share.

In addition to receiving dividends, all shareholders who have at least 100 shares as of the record date of March 31 receive a 1,000 yen QUO card.

#### **2. Basic Approach to the Selection of Accounting Standards**

We expect to employ Japanese accounting standards for the foreseeable future because almost all of our business operations are in Japan. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS), depending on our percentage of foreign shareholders and the use of these standards by other companies in Japan.



**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	1,731,197	1,702,576
Accounts receivable and contract assets	1,100,585	1,178,626
Merchandise	59,810	57,861
Work in process	191	-
Supplies	17,690	14,603
Other	371,472	326,409
Allowance for doubtful accounts	(22,341)	(8,282)
Total current assets	3,258,607	3,271,795
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,272,294	4,361,422
Accumulated depreciation	(1,767,101)	(1,865,860)
Buildings and structures, net	2,505,192	2,495,562
Land	1,107,259	1,107,259
Leased assets	231,797	232,090
Accumulated depreciation	(170,430)	(178,305)
Leased assets, net	61,366	53,784
Construction in progress	22,326	2,889
Other	837,920	857,176
Accumulated depreciation	(700,922)	(719,608)
Other, net	136,998	137,567
Total property, plant and equipment	3,833,142	3,797,062
Intangible assets		
Goodwill	20,100	15,534
Other	178,922	171,639
Total intangible assets	199,022	187,173
Investments and other assets		
Investment securities	10,620	10,620
Long-term loans receivable	42,908	38,006
Deferred tax assets	182,880	229,894
Guarantee deposits	885,945	907,964
Other	75,325	70,435
Total investments and other assets	1,197,680	1,256,921
Total non-current assets	5,229,845	5,241,157
Total assets	8,488,452	8,512,952

	(Thousands of yen)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	234,134	157,221
Current portion of long-term borrowings	839,219	823,912
Lease liabilities	7,026	5,344
Income taxes payable	254,903	177,156
Advances received	741,607	782,361
Provision for bonuses	162,176	226,452
Accounts payable-other	436,716	558,174
Asset retirement obligations	897	4,232
Other	456,055	418,151
<b>Total current liabilities</b>	<b>3,132,738</b>	<b>3,153,007</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,957,831	1,615,179
Lease liabilities	37,961	33,854
Retirement benefit liability	6,718	7,412
Deferred tax liabilities	39,059	37,650
Asset retirement obligations	476,359	490,613
Other	22,459	23,595
<b>Total non-current liabilities</b>	<b>2,540,388</b>	<b>2,208,304</b>
<b>Total liabilities</b>	<b>5,673,127</b>	<b>5,361,311</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	235,108	235,108
Capital surplus	178,349	178,349
Retained earnings	2,681,275	3,027,852
Treasury shares	(265,655)	(265,655)
<b>Total shareholders' equity</b>	<b>2,829,077</b>	<b>3,175,654</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	(13,751)	(24,013)
<b>Total accumulated other comprehensive income</b>	<b>(13,751)</b>	<b>(24,013)</b>
<b>Total net assets</b>	<b>2,815,325</b>	<b>3,151,640</b>
<b>Total liabilities and net assets</b>	<b>8,488,452</b>	<b>8,512,952</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	12,333,506	12,671,448
Cost of sales	9,846,814	10,001,971
Gross profit	2,486,691	2,669,477
Selling, general and administrative expenses	1,846,239	1,957,304
Operating profit	640,452	712,172
Non-operating income		
Interest income	2,365	2,818
Foreign exchange gains	8,912	13,754
Gain on adjustment of accounts payable	–	12,433
Other	50,599	21,178
Total non-operating income	61,877	50,184
Non-operating expenses		
Interest expenses	26,240	23,865
Provision of allowance for doubtful accounts	15,179	1,751
Other	5,030	8,963
Total non-operating expenses	46,450	34,580
Ordinary profit	655,878	727,777
Extraordinary income		
Gain on sale of non-current assets	94	–
Gain on sale of investment securities	7,894	–
Gain on sale of businesses	8,064	14,512
Total extraordinary income	16,052	14,512
Extraordinary losses		
Loss on sale of investment securities	315	–
Loss on valuation of investment securities	951	–
Impairment losses	108,430	111,271
Loss on store closings	1,100	–
Total extraordinary losses	110,797	111,271
Profit before income taxes	561,133	631,017
Income taxes-current	247,125	257,939
Income taxes-deferred	(17,667)	(48,422)
Total income taxes	229,458	209,517
Profit	331,674	421,500
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	331,674	421,500

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	331,674	421,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,138)	–
Foreign currency translation adjustment	(2,548)	(10,261)
Total other comprehensive income	(7,687)	(10,261)
Comprehensive income	323,987	411,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	323,987	411,238
Comprehensive income attributable to non-controlling interests	–	–

**(3) Consolidated Statement of Changes in Equity**

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	235,108	178,349	2,377,534	(265,655)	2,525,337
Cumulative effects of changes in accounting policies			7,039		7,039
Restated balance	235,108	178,349	2,384,574	(265,655)	2,532,376
Changes during period					
Dividends of surplus			(34,972)		(34,972)
Profit attributable to owners of parent			331,674		331,674
Net changes in items other than shareholders' equity					
Total changes during period	–	–	296,701	–	296,701
Balance at end of period	235,108	178,349	2,681,275	(265,655)	2,829,077

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	5,138	(11,203)	(6,064)	2,519,272
Cumulative effects of changes in accounting policies				7,039
Restated balance	5,138	(11,203)	(6,064)	2,526,311
Changes during period				
Dividends of surplus				(34,972)
Profit attributable to owners of parent				331,674
Net changes in items other than shareholders' equity	(5,138)	(2,548)	(7,687)	(7,687)
Total changes during period	(5,138)	(2,548)	(7,687)	289,014
Balance at end of period	–	(13,751)	(13,751)	2,815,325

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	235,108	178,349	2,681,275	(265,655)	2,829,077
Changes during period					
Dividends of surplus			(74,923)		(74,923)
Profit attributable to owners of parent			421,500		421,500
Net changes in items other than shareholders' equity					
Total changes during period	–	–	346,576	–	346,576
Balance at end of period	235,108	178,349	3,027,852	(265,655)	3,175,654

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(13,751)	(13,751)	2,815,325
Changes during period			
Dividends of surplus			(74,923)
Profit attributable to owners of parent			421,500
Net changes in items other than shareholders' equity	(10,261)	(10,261)	(10,261)
Total changes during period	(10,261)	(10,261)	336,315
Balance at end of period	(24,013)	(24,013)	3,151,640

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/22	FY3/23
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	561,133	631,017
Depreciation	338,739	336,028
Impairment losses	108,430	111,271
Amortization of goodwill	5,387	4,975
Increase (decrease) in allowance for doubtful accounts	13,198	1,120
Increase (decrease) in provision for bonuses	32,252	64,276
Interest expenses	26,240	23,865
Decrease (increase) in trade receivables	23,314	(70,221)
Increase (decrease) in trade payables	48,986	(76,914)
Increase (decrease) in advances received	11,112	40,923
Increase (decrease) in accounts payable-other	(34,662)	97,656
Other, net	43,023	(11,504)
Subtotal	1,177,155	1,152,495
Interest paid	(26,161)	(23,697)
Income taxes paid	(140,881)	(336,954)
Other, net	32,405	10,361
Net cash provided by (used in) operating activities	1,042,517	802,206
Cash flows from investing activities		
Payments into time deposits	(54,004)	(39,003)
Proceeds from withdrawal of time deposits	175,012	–
Proceeds from sale of investment securities	22,892	–
Purchase of property, plant and equipment	(258,653)	(319,846)
Purchase of intangible assets	(76,657)	(57,159)
Payments for asset retirement obligations	(37,763)	(8,175)
Payments for acquisition of businesses	(3,886)	(2,568)
Proceeds from sale of businesses	11,651	21,099
Payments of guarantee deposits	(32,654)	(50,430)
Proceeds from refund of guarantee deposits	73,524	31,502
Other, net	(10,055)	4,974
Net cash provided by (used in) investing activities	(190,593)	(419,607)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(700,000)	–
Proceeds from long-term borrowings	950,000	500,000
Repayments of long-term borrowings	(952,366)	(857,959)
Dividends paid	(35,071)	(74,801)
Other payments	(11,357)	(5,140)
Net cash provided by (used in) financing activities	(748,796)	(437,901)
Effect of exchange rate change on cash and cash equivalents	(5,490)	(12,321)
Net increase (decrease) in cash and cash equivalents	97,637	(67,624)
Cash and cash equivalents at beginning of period	1,368,873	1,466,511
Cash and cash equivalents at end of period	1,466,511	1,398,887

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Accounting Policies in the Preparation of Consolidated Financial Statements**

## 1. Scope of consolidation

All subsidiaries are included in the consolidation.

The number of consolidated subsidiaries: 6

Names of consolidated subsidiaries

APLIS Co., Ltd.

KAISEI CHILD CARE CO.,LTD

Knospear Inc.

SEIGAKUSHA KOREA CO.,LTD.

SEIGAKUSHA VIETNAM COMPANY LIMITED

APLIS INTERNATIONAL EDUCATION CORP.

## 2. Closing date of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year-end of SEIGAKUSHA KOREA and SEIGAKUSHA VIETNAM is December 31.

In preparing the consolidated financial statements, the financial statements of these subsidiaries as of December 31 are used; provided, however, that the necessary consolidation adjustments are made for all significant transactions that occurred between their fiscal year-end and the fiscal year-end for the consolidated financial statements.

**Reclassifications**

## Consolidated Statement of Income

“Dividend income,” “Penalty income,” and “Subsidy income” under “Non-operating income,” which were separately presented in FY3/22, are included in “Other” in FY3/23 as they have become immaterial. To conform to these changes, the consolidated financial statements for FY3/22 have been reclassified.

Accordingly, “Dividend income” (1 million yen), “Penalty income” (11 million yen), “Subsidy income” (20 million yen), and “Other” (17 million yen) under “Non-operating income” shown on the consolidated statement of income in FY3/22 have been reclassified to “Other” (50 million yen).

## Consolidated Statement of Cash Flows

“Amortization of long-term prepaid expenses,” “Subsidy income,” “Decrease (increase) in accounts receivable-other,” “Decrease (increase) in inventories,” “Decrease (increase) in prepaid expenses,” “Increase (decrease) in accrued expenses,” and “Increase (decrease) in accrued consumption taxes” under “Cash flows from operating activities,” which were separately presented in FY3/22 and “Interest and dividends received,” “Income taxes refund,” and “Subsidies received” below the subtotal are included in “Other, net” in FY3/23 as they have become insignificant. To conform to these changes, the consolidated financial statements for FY3/22 have been reclassified.

Accordingly, “Amortization of long-term prepaid expenses” (10 million yen), “Subsidy income” (–20 million yen), “Decrease (increase) in accounts receivable-other” (2 million yen), “Decrease (increase) in inventories” (138 thousand yen), “Decrease (increase) in prepaid expenses” (8 million yen), “Increase (decrease) in accrued expenses” (16 million yen), “Increase (decrease) in accrued consumption taxes” (28 million yen), and “Other” (–3 million yen) shown on the cash flows from operating activities of the consolidated statement of cash flows in FY3/22 have been reclassified as “Other” (43 million yen), and “Interest and dividends received (2 million yen), “Income taxes refund” (9 million yen), and “Subsidies received” (20 million yen) below the subtotal are as “Other” (32 million yen).

“Short-term loan advances,” “Other payments,” and “Other proceeds” under “Cash flows from investing activities,” which were separately presented in FY3/22 are reclassified as “Other” in FY3/23 as they have become insignificant. To conform to these changes, the consolidated financial statements for FY3/22 have been reclassified.

Accordingly, “Short-term loan advances” (–15 million yen), “Other payments” (–4 million yen), and “Other proceeds” (9 million yen) under “Cash flows from investing activities” shown on the consolidated statement of cash flows in FY3/22 have been reclassified to “Other” (–10 million yen).



## Segment and Other Information

### Segment information

#### 1. Overview of reportable segment

The reportable segments of the SEIGAKUSHA Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

Based on financial information for SEIGAKUSHA and each consolidated subsidiary, the SEIGAKUSHA Group conducts business activities by dividing these operations into business categories.

Consequently, there are three reportable business segments: Education Services, Real Estate Leasing, and Restaurant Operations.

#### 2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting policies for reportable business segments comply with those used for the preparation of the consolidated financial statements. Segment profit for reportable segments is based on operating profit.

Inter-segment sales are based on an arm's length price.

#### 3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment and breakdown of revenue

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in consolidated financial statements (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	10,632,485	–	–	10,632,485	–	10,632,485
Nursery schools	1,319,863	–	–	1,319,863	–	1,319,863
Other education services	301,323	–	–	301,323	–	301,323
Restaurant	–	–	36,952	36,952	–	36,952
Revenue from contracts with customers	12,253,672	–	36,952	12,290,625	–	12,290,625
Other revenue	–	42,880	–	42,880	–	42,880
External sales	12,253,672	42,880	36,952	12,333,506	–	12,333,506
Inter-segment sales and transfers	–	23,021	–	23,021	(23,021)	–
Total	12,253,672	65,902	36,952	12,356,528	(23,021)	12,333,506
Segment profit (loss)	682,919	27,992	(17,075)	693,836	(53,384)	640,452
Segment assets	6,129,142	568,005	8,709	6,705,857	1,782,595	8,488,452
Other items						
Depreciation	304,471	5,896	329	310,697	28,041	338,739
Increase in property, plant and equipment and intangible assets	375,765	19,824	–	395,589	33,991	429,581

Notes: 1. Adjustments are as follows.

- (1) The minus 53 million yen adjustment to segment profit (loss) is corporate expenses that cannot be allocated to any of the reportable segments. These corporate expenses mainly include general and administration expenses that cannot be attributed to any of the reportable segments.
- (2) The 1,782 million yen adjustment to segment profit is corporate expenses that cannot be allocated to any of the reportable segments.
- (3) The 33 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures associated with the head office.

2. Segment profit is adjusted with operating profit on the consolidated financial statements.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in consolidated financial statements (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	10,769,708	–	–	10,769,708	–	10,769,708
Nursery schools	1,388,401	–	–	1,388,401	–	1,388,401
Other education services	423,606	–	–	423,606	–	423,606
Restaurant	–	–	49,698	49,698	–	49,698
Revenue from contracts with customers	12,581,716	–	49,698	12,631,415	–	12,631,415
Other revenue	–	40,033	–	40,033	–	40,033
External sales	12,581,716	40,033	49,698	12,671,448	–	12,671,448
Inter-segment sales and transfers	1,325	22,080	–	23,405	(23,405)	–
Total	12,583,041	62,114	49,698	12,694,854	(23,405)	12,671,448
Segment profit (loss)	754,639	23,065	(11,118)	766,586	(54,413)	712,172
Segment assets	6,167,008	568,301	8,081	6,743,392	1,769,560	8,512,952
Other items						
Depreciation	300,728	5,970	248	306,948	29,080	336,028
Increase in property, plant and equipment and intangible assets	388,168	14,029	472	402,670	59,386	462,056

Notes: 1. Adjustments are as follows.

- (1) The minus 54 million yen adjustment to segment profit (loss) is corporate expenses that cannot be allocated to any of the reportable segments. These corporate expenses mainly include general and administration expenses that cannot be attributed to any of the reportable segments.
- (2) The 1,769 million yen adjustment to segment assets is corporate assets that are not allocated to reportable segments.
- (3) The 59 million yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures associated with the head office.

2. Segment profit is adjusted with operating profit on the consolidated financial statements.

Information related to impairment losses on non-current assets for each reportable segment

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Impairment loss	108,430	–	–	–	108,430

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Impairment loss	111,271	–	–	–	111,271

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Amortization for the period	5,387	–	–	–	5,387
Balance at end of period	20,100	–	–	–	20,100

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Amortization for the period	4,975	–	–	–	4,975
Balance at end of period	15,534	–	–	–	15,534

Information related to gain on bargain purchase for each reportable segment

Not applicable.

### Per Share Information

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	507.25	568.04
Net income per share	59.75	75.95

Note: The basis of calculating net income per share is as follows:

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net income per share		
Profit attributable to owners of parent	331,674	421,500
Amounts not available to common shareholders	–	–
Profit attributable to owners of parent available to common shares	331,674	421,500
Average number of common shares during the period (Shares)	5,551,151	5,549,653

### Subsequent Events

Not applicable.

*This financial report is solely a translation of SEIGAKUSHA's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*