

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2024**  
**(Nine Months Ended December 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 filing of Quarterly Report: February 14, 2024  
 Scheduled date of payment of dividend: –  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2023****(April 1, 2023–December 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	%
Nine months ended Dec. 31, 2023	9,688	3.2	657	(0.9)	656	(1.6)	376	(9.5)
Nine months ended Dec. 31, 2022	9,387	1.2	662	3.2	667	0.2	416	3.7

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2023: 380 (down 9.6%)  
 Nine months ended Dec. 31, 2022: 421 (up 5.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2023	67.91	–
Nine months ended Dec. 31, 2022	74.99	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2023	9,710	3,435	35.4
As of Mar. 31, 2023	8,512	3,151	37.0

Reference: Equity (million yen) As of Dec. 31, 2023: 3,435 As of Mar. 31, 2023: 3,151

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	8.50	–	8.50	17.00
Fiscal year ending Mar. 31, 2024	–	9.00	–		
Fiscal year ending Mar. 31, 2024 (forecast)				9.00	18.00

Note: Revisions to the most recently announced dividend forecast: None

**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
Full year	13,257	4.6	729	2.4	714	(1.9)	406	(3.6)	73.22

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

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

Newly added: – Excluded: –

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common stock)

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

As of Dec. 31, 2023:	5,876,000 shares	As of Mar. 31, 2023:	5,876,000 shares
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2) Number of treasury shares at the end of period

As of Dec. 31, 2023:	328,102 shares	As of Mar. 31, 2023:	327,760 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2023:	5,548,025 shares	Nine months ended Dec. 31, 2022:	5,549,836 shares
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\* The current quarterly summary report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

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 Kaisei Education Seminar classroom tutoring schools, Kaisei Nursery School certified nursery schools, Kaisei Academy Japanese Language School for foreign students in Japan, and Kaisei Academy Korean Language School specializing in medium to advanced level Korean language instructions, in addition to the FreeStep Individual Tutoring Institute, which is our core brand of tutoring school.

Consolidated net sales in the first nine months were 9,688 million yen, 3.2% higher than in the same period of the previous fiscal year. Operating profit was 657 million yen, 0.9% lower than in the same period of the previous fiscal year, ordinary profit was 656 million yen, 1.6% lower than in the same period of the previous fiscal year, and profit attributable to owners of parent was 376 million yen, 9.5% lower than in the same period of the previous fiscal year.

Business segment performance was as follows.

#### 1) Education Services

In November, which is normally when the number of students is the highest, there were 26,026 students enrolled at facilities operated directly by the SEIGAKUSHA Group. This was an increase of 0.1% compared to November 2022. Individual tutoring students increased 1.9% to 18,441, class tutoring students decreased 7.0% to 6,429, nursery school students increased 1.2% to 741, and students in other education services increased 62.1% to 415.

Sales in entrance exam preparation schools increased mainly due to an increase in the number of students at the FreeStep Individual Tutoring Institute, as well as a revision of the tuition fees to cover rising costs for classroom operations including personnel expenses. The nursery school category saw its sales decrease because of factors including decreased school operation subsidies due to a decline in the proportion of 0-year-old children in our nursing schools and a delay in government notification of subsidy determination compared to past years. In the other education service category, sales increased mainly due to the steadily increased number of new students and continued strong enrollments in optional classes offered at the Kaisei Academy Japanese Language School, as well as strong orders from schools won by a subsidiary.

Expenses in this segment increased because of higher personnel expenses as a result of salary revisions to improve compensation for employees, higher recruitment advertising expenses for enhancing recruitment of teachers for Winter Classes, and higher costs associated with the resumption of in-person events as the COVID-19 pandemic settled.

Consequently, segment sales increased 3.1% from one year earlier to 9,611 million yen while operating profit decreased 0.7% to 691 million yen.

#### 2) Real Estate Leasing

The number of tenants increased, resulting in a 2.0% increase from one year earlier in segment sales to 30 million yen but operating profit decreased 8.8% to 15 million yen mainly due to increased expenses for repairs to maintain the buildings' value.

#### 3) Restaurant Operations

Segment sales increased 28.0% from one year earlier to 47 million yen as demand for lunches and dinners both remained firm, while the segment incurred operating loss of 8 million yen, compared with operating loss of 8 million yen in the same period of the previous fiscal year, due to an increase in expenses for major repairs of certain stores.

**(2) Explanation of Financial Position**

Total assets at the end of the third quarter of the current fiscal year increased by 1,197 million yen, or 14.1%, from the end of the previous fiscal year to 9,710 million yen. Current assets increased by 1,025 million yen, or 31.3%, from the end of the previous fiscal year to 4,296 million yen. This was attributable mainly to increases of 1,067 million yen in accounts receivable and contract assets and 100 million yen in accounts receivable-other included in other of current assets, which were partly offset by a decrease of 141 million yen in cash and deposits. Non-current assets increased by 172 million yen, or 3.3%, from the end of the previous fiscal year to 5,413 million yen. This was mainly attributable to increases of 90 million yen in property, plant and equipment, 48 million yen in deferred tax assets included in other of the investments and other assets, 29 million yen in guarantee deposits, and 18 million yen in intangible fixed assets in progress included in other of intangible fixed assets.

Total liabilities increased by 913 million yen, or 17.0%, from the end of the previous fiscal year to 6,275 million yen. Current liabilities increased by 968 million yen, or 30.7%, from the end of the previous fiscal year to 4,121 million yen. This was attributable mainly to increases of 527 million yen in advances received, 200 million yen in short-term borrowings, 183 million yen in current portion of long-term borrowings, and 53 million yen in income taxes payable. Non-current liabilities decreased by 54 million yen, or 2.5%, from the end of the previous fiscal year to 2,153 million yen. This was attributable mainly to a decrease of 56 million yen in long-term borrowings.

Net assets increased by 283 million yen, or 9.0%, from the end of the previous fiscal year to 3,435 million yen. This was attributable mainly to an increase of 279 million yen in retained earnings.

**(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

At this point, we leave unchanged the full-year consolidated forecasts for the fiscal year ending March 31, 2024 that we announced on May 15, 2023.

The forecasts are based on all the information currently available to us, and actual results may differ due to various factors.

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	1,702,576	1,560,797
Accounts receivable and contract assets	1,178,626	2,245,997
Work in process	57,861	46,914
Merchandise	-	396
Supplies	14,603	13,387
Other	326,409	435,652
Allowance for doubtful accounts	(8,282)	(6,289)
Total current assets	3,271,795	4,296,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,361,422	4,490,194
Accumulated depreciation	(1,865,860)	(1,995,657)
Buildings and structures, net	2,495,562	2,494,536
Land	1,107,259	1,107,259
Other	1,092,155	1,159,641
Accumulated depreciation	(897,914)	(874,203)
Other, net	194,240	285,438
Total property, plant and equipment	3,797,062	3,887,234
Intangible assets		
Goodwill	15,534	11,210
Other	171,639	182,155
Total intangible assets	187,173	193,366
Investments and other assets		
Guarantee deposits	907,964	937,386
Other	348,956	395,687
Total investments and other assets	1,256,921	1,333,073
Total non-current assets	5,241,157	5,413,674
Total assets	8,512,952	9,710,531

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	157,221	94,496
Short-term borrowings	–	200,000
Current portion of long-term borrowings	823,912	1,007,409
Income taxes payable	177,156	230,826
Advances received	782,361	1,310,265
Provision for bonuses	226,452	48,868
Other	985,902	1,229,295
<b>Total current liabilities</b>	<b>3,153,007</b>	<b>4,121,161</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,615,179	1,558,949
Retirement benefit liability	7,412	7,522
Asset retirement obligations	490,613	485,994
Other	95,099	101,518
<b>Total non-current liabilities</b>	<b>2,208,304</b>	<b>2,153,983</b>
<b>Total liabilities</b>	<b>5,361,311</b>	<b>6,275,145</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	235,108	235,108
Capital surplus	178,349	178,349
Retained earnings	3,027,852	3,307,502
Treasury shares	(265,655)	(265,687)
<b>Total shareholders' equity</b>	<b>3,175,654</b>	<b>3,455,272</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	(24,013)	(19,887)
<b>Total accumulated other comprehensive income</b>	<b>(24,013)</b>	<b>(19,887)</b>
<b>Total net assets</b>	<b>3,151,640</b>	<b>3,435,385</b>
<b>Total liabilities and net assets</b>	<b>8,512,952</b>	<b>9,710,531</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/23 (Apr. 1, 2022–Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)
Net sales	9,387,446	9,688,853
Cost of sales	7,345,004	7,578,179
Gross profit	2,042,442	2,110,673
Selling, general and administrative expenses	1,379,548	1,453,480
Operating profit	662,894	657,193
Non-operating income		
Interest income	2,406	1,193
Insurance claim income	211	6,759
Foreign exchange gains	1,424	1,999
Gain on adjustment of accounts payable	12,433	–
Other	12,613	10,547
Total non-operating income	29,089	20,499
Non-operating expenses		
Interest expenses	18,905	17,648
Other	6,068	3,856
Total non-operating expenses	24,973	21,505
Ordinary profit	667,009	656,187
Extraordinary income		
Settlement income	–	2,400
Gain on sale of businesses	14,512	3,772
Total extraordinary income	14,512	6,172
Extraordinary losses		
Impairment losses	5,393	7,135
Total extraordinary losses	5,393	7,135
Profit before income taxes	676,128	655,225
Income taxes-current	314,548	327,788
Income taxes-deferred	(54,611)	(49,305)
Total income taxes	259,937	278,483
Profit	416,190	376,742
Profit attributable to owners of parent	416,190	376,742



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Nine-month Period)**

	(Thousands of yen)	
	First nine months of FY3/23 (Apr. 1, 2022–Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)
Profit	416,190	376,742
Other comprehensive income		
Foreign currency translation adjustment	5,128	4,126
Total other comprehensive income	5,128	4,126
Comprehensive income	421,318	380,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	421,318	380,868
Comprehensive income attributable to non-controlling interests	–	–

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

Segment information

I. First nine months of FY3/23 (Apr. 1, 2022–Dec. 31, 2022)

1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in quarterly consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	7,972,704	–	–	7,972,704	–	7,972,704
Nursery schools	1,041,630	–	–	1,041,630	–	1,041,630
Other education services	306,444	–	–	306,444	–	306,444
Restaurant	–	–	36,823	36,823	–	36,823
Revenue from contracts with customers	9,320,779	–	36,823	9,357,603	–	9,357,603
Other revenue	–	29,843	–	29,843	–	29,843
External sales	9,320,779	29,843	36,823	9,387,446	–	9,387,446
Inter-segment sales and transfers	920	16,567	–	17,487	(17,487)	–
Total	9,321,699	46,411	36,823	9,404,934	(17,487)	9,387,446
Segment profit (loss)	696,587	17,248	(8,783)	705,051	(42,157)	662,894

Notes: 1 The minus 42,157 thousand 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 Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

An impairment loss was recognized in the Education Services segment. The amount of this loss in the first nine months of FY3/23 was 5,393 thousand yen.

## II. First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)

## 1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in quarterly consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	8,170,127	–	–	8,170,127	–	8,170,127
Nursery schools	1,039,561	–	–	1,039,561	–	1,039,561
Other education services	401,575	–	–	401,575	–	401,575
Restaurant	–	–	47,151	47,151	–	47,151
Revenue from contracts with customers	9,611,265	–	47,151	9,658,416	–	9,658,416
Other revenue	–	30,437	–	30,437	–	30,437
External sales	9,611,265	30,437	47,151	9,688,853	–	9,688,853
Inter-segment sales and transfers	1,315	16,579	–	17,894	(17,894)	–
Total	9,612,580	47,017	47,151	9,706,748	(17,894)	9,688,853
Segment profit (loss)	691,562	15,732	(8,806)	698,487	(41,294)	657,193

Notes: 1. The minus 41,294 thousand 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. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

## 2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

An impairment loss was recognized in the Education Services segment. The amount of this loss in the first nine months of FY3/24 was 7,135 thousand yen.

*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.*