

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending March 31, 2025**  
**(Six Months Ended September 30, 2024)**

[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 Semi-annual Securities Report: November 14, 2024  
 Scheduled date of payment of dividend: December 6, 2024  
 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 Six Months Ended September 30, 2024**  
**(April 1, 2024–September 30, 2024)**

(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	%
Six months ended Sep. 30, 2024	6,539	8.4	118	20.1	108	10.0	74	76.5
Six months ended Sep. 30, 2023	6,032	3.9	98	61.7	98	73.3	42	(9.3)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 81 (up 91.0%)  
 Six months ended Sep. 30, 2023: 42 (down 18.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	13.40	–
Six months ended Sep. 30, 2023	7.59	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	8,965	3,506	39.1
As of Mar. 31, 2024	8,863	3,474	39.2

Reference: Equity (million yen) As of Sep. 30, 2024: 3,506 As of Mar. 31, 2024: 3,474

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	9.00	–	9.00	18.00
Fiscal year ending Mar. 31, 2025	–	9.50			
Fiscal year ending Mar. 31, 2025 (forecast)			–	9.50	19.00

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)**  
 (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	13,791	5.3	746	6.2	733	3.2	397	(8.3)	71.7

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

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added subsidiary: 2 companies (Ichie-Juku Co., Ltd., PYGMALION ACADEMIA Co., Ltd.) Excluded: –

Note: Please refer to “2. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements, Significant Changes in the Scope of Consolidation during the Period” on page 10 for details.

(2) Application of special accounting methods for presenting semi-annual 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 and other regulations: 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 Sep. 30, 2024:	5,876,000 shares	As of Mar. 31, 2024:	5,876,000 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2024:	328,102 shares	As of Mar. 31, 2024:	328,102 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	5,547,898 shares	Six months ended Sep. 30, 2023:	5,548,071 shares
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\* Semi-annual financial results reports are exempt from interim audit conducted by certified public accountants or an audit firm.

\* 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, (3) Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) 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. In addition to the FreeStep Individual Tutoring Institute, which is our major branded tutoring school, the Group operates Kaisei Education Seminar entrance exam preparation schools that provide class teaching, Kaisei Nursery School certified nursery schools, and Kaisei Academy Japanese Language School for foreign students in Japan.

Consolidated net sales in the first half were 6,539 million yen, 8.4% higher than in the same period of the previous fiscal year. Operating profit was 118 million yen, 20.1% higher than in the same period of the previous fiscal year, ordinary profit was 108 million yen, 10.0% higher than in the same period of the previous fiscal year, and profit attributable to owners of parent was 74 million yen, 76.5% higher than in the same period of the previous fiscal year. Notably, the SEIGAKUSHA Group achieved its highest ever first-half sales mainly due to strong performance in the Education Services business.

Business segment performance was as follows.

#### 1) Education services

##### Number of Students at SEIGAKUSHA Group Schools (Note)

Category	September 30, 2023	September 30, 2024	Change
Individual tutoring	17,819	18,905	Up 6.1%
Class teaching	6,401	6,345	Down 0.9%
Nursery schools	738	737	Down 0.1%
Other education services	356	423	Up 18.8%
Total	25,314	26,410	Up 4.3%

Note: 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 exams, 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 strengthening of web advertising activities to increase the number of students, and the strong enrollment for Summer Classes. In the class teaching category, despite slow enrollment for Summer Classes, the decline in the number of students has been slowed down due to the reduction in the number of students who have left the schools and the addition of "ICHIE-JUKU Academy," which focuses on preparation for entrance exams for medical schools and competitive universities, to the Group from this fiscal year.

In the other education service category, the number of students increased mainly due to the steady increase in the number of new students at Korean Language School as a result of the focus on disseminating information through social media, and the progress made in accepting new students partly due to our Japanese language schools being selected as a qualified school (Class I).

##### Number of Schools

Category	Mar. 31, 2024	Increase	Decrease	Sep. 30, 2024
Individual tutoring	228	1	1	228
Class teaching	72	2	0	74
Nursery schools	17	0	0	17
Other education services	5	0	0	5
Directly operated schools	275	3	1	277
Franchised schools	55	2	7	50

Note: The total number of schools in each category does not match the number of directly operated schools because some schools provide two or more categories of education services.

During the first half, one school became a directly operated school (Osaka), two became consolidated subsidiaries (1 in Tokyo, and 1 in Kanagawa), and one franchised school was closed (Kyoto).

In the franchised school category, one became a franchised school as mentioned above, and one new school was opened (Tokushima), while one school converted to a directly operated school as described above, and 6 kindergartens were closed (Vietnam).

### Segment Sales and Earnings

Sales in entrance exam preparation schools category increased year on year mainly thanks to an increase in the number of students as well as strong enrollments in seminars and optional classes in the individual tutoring category, and contribution of Ichie-Juku Co., Ltd., which became a consolidated subsidiary, in the class teaching category. In the nursery school category, sales increased mainly due to the revision of official prices and an increase in the number of younger children at kindergartens with higher benefits. In the other education service category, sales increased mainly due to the increased number of students at Kaisei Academy Japanese Language School, as well as strong advertising-related orders from schools taken by a subsidiary.

Meanwhile, expenses in this segment increased mainly because of higher personnel expenses to improve compensation for employees, higher advertising and marketing expenses related to the proactive implementation of web advertising to increase student enrollment, and expenses incurred as a result of Ichie-Juku Co., Ltd. becoming a consolidated subsidiary.

Consequently, segment sales increased 8.4% from one year earlier to 6,488 million yen and sales growth offset the increase in expenses. As a result, segment profit (operating profit) increased 11.0% from one year earlier to 141 million yen.

#### 2) Real estate leasing

Segment sales increased 2.7% from one year earlier to 20 million yen and segment profit (operating profit) increased 16.2% to 11 million yen, without substantial change in the amount of space available for leasing or the occupancy rate of owned real estate, partly due to a decrease in one-off expenses (repair costs) from the previous fiscal year.

#### 3) Restaurant operations

Segment sales increased 10.6% from one year earlier to 30 million yen primarily thanks to an increase in the average spending per customer for lunches and dinners. Due to a decrease in one-off expenses (major repair costs) in the previous fiscal year, segment loss (operating loss) improved from 8 million yen one year earlier to 3 million yen.

**(2) Financial Position**

## 1) Assets, Liabilities and Net assets

Total assets at the end of the second quarter increased by 102 million yen, or 1.2%, from the end of the previous fiscal year to 8,965 million yen. Current assets decreased by 79 million yen, or 2.3%, from the end of the previous fiscal year to 3,439 million yen. This was attributable mainly to a decrease of 226 million yen in accounts receivable and contract assets, which was partially offset by an increase of 160 million yen in cash and deposits. Non-current assets increased by 181 million yen, or 3.4%, from the end of the previous fiscal year to 5,525 million yen. This was attributable mainly to increases of 152 million yen in goodwill and of 34 million yen in property, plant and equipment.

Total liabilities increased by 70 million yen, or 1.3%, from the end of the previous fiscal year to 5,459 million yen. Current liabilities decreased by 391 million yen, or 11.6%, from the end of the previous fiscal year to 2,996 million yen. This was attributable mainly to a decrease of 341 million yen in accounts payable-other included in other. Non-current liabilities increased by 462 million yen, or 23.1%, from the end of the previous fiscal year to 2,462 million yen. This was attributable mainly to an increase of 451 million yen in long-term borrowings.

Net assets increased by 31 million yen, or 0.9%, from the end of the previous fiscal year to 3,506 million yen. This was attributable mainly to an increase of 24 million yen in retained earnings.

## 2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the first half increased by 296 million yen from the end of the previous fiscal year to 1,952 million yen.

The cash flow components during the first half and the main reasons for changes are described as follows.

## Cash flows from operating activities

Net cash provided by operating activities was 104 million yen (a decrease of 64 million yen compared with the same period of the previous fiscal year). Major positive factors include a decrease in trade receivables of 209 million yen, depreciation of 177 million yen, and an increase of 163 million yen in advances received. Major negative factors include a decrease in accounts payable-other of 323 million yen and income taxes paid of 119 million yen.

## Cash flows from investing activities

Net cash used in investing activities was 143 million yen (a decrease of 100 million yen compared with the same period of the previous fiscal year). Major negative factors include purchase of property, plant and equipment of 173 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 65 million yen. Major positive factors include proceeds from withdrawal of time deposits of 150 million yen.

## Cash flows from financing activities

Net cash provided by financing activities was 328 million yen (an increase of 57 million yen compared with the same period of the previous fiscal year). Major positive factors include proceeds from long-term borrowings of 1,008 million yen. Major negative factors include repayments of long-term borrowings of 627 million yen.

**(3) 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, 2025 that we announced on May 15, 2024.

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

**2. Semi-annual Consolidated Financial Statements and Notes****(1) Semi-annual Consolidated Balance Sheet**

(Thousands of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	1,996,744	2,157,496
Accounts receivable and contract assets	1,119,407	893,167
Merchandise	46,146	38,393
Work in process	–	5
Supplies	10,378	10,938
Other	351,552	346,052
Allowance for doubtful accounts	(5,395)	(6,572)
Total current assets	3,518,834	3,439,481
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,586,840	4,713,042
Accumulated depreciation	(2,018,176)	(2,111,879)
Buildings and structures, net	2,568,664	2,601,163
Land	1,107,259	1,107,259
Other	925,831	955,385
Accumulated depreciation	(716,567)	(744,192)
Other, net	209,264	211,192
Total property, plant and equipment	3,885,187	3,919,615
Intangible assets		
Goodwill	9,978	162,468
Other	179,962	166,824
Total intangible assets	189,940	329,292
Investments and other assets		
Guarantee deposits	928,019	951,657
Other	341,081	325,149
Total investments and other assets	1,269,101	1,276,806
Total non-current assets	5,344,229	5,525,714
Total assets	8,863,064	8,965,195

(Thousands of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	166,662	91,625
Current portion of long-term borrowings	929,432	881,886
Income taxes payable	133,644	22,829
Advances received	841,172	1,066,881
Provision for bonuses	191,549	225,053
Other	1,126,116	708,709
<b>Total current liabilities</b>	<b>3,388,577</b>	<b>2,996,986</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,383,691	1,835,139
Retirement benefit liability	8,110	8,181
Asset retirement obligations	509,021	517,059
Other	99,205	101,739
<b>Total non-current liabilities</b>	<b>2,000,028</b>	<b>2,462,120</b>
<b>Total liabilities</b>	<b>5,388,605</b>	<b>5,459,107</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	235,108	235,108
Capital surplus	178,349	178,349
Retained earnings	3,364,570	3,388,961
Treasury shares	(265,687)	(265,687)
<b>Total shareholders' equity</b>	<b>3,512,339</b>	<b>3,536,730</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	(37,881)	(30,642)
<b>Total accumulated other comprehensive income</b>	<b>(37,881)</b>	<b>(30,642)</b>
<b>Total net assets</b>	<b>3,474,458</b>	<b>3,506,088</b>
<b>Total liabilities and net assets</b>	<b>8,863,064</b>	<b>8,965,195</b>

**(2) Semi-annual Consolidated Statements of Income and Comprehensive Income****Semi-annual Consolidated Statement of Income**

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Net sales	6,032,189	6,539,821
Cost of sales	4,961,088	5,319,854
Gross profit	1,071,101	1,219,967
Selling, general and administrative expenses	972,721	1,101,804
Operating profit	98,379	118,162
Non-operating income		
Interest income	908	254
Commission income	4,176	4,278
Foreign exchange gains	5,702	–
Gain on reversal of asset retirement obligations	–	2,558
Other	4,846	4,828
Total non-operating income	15,634	11,920
Non-operating expenses		
Interest expenses	11,770	12,642
Other	3,587	8,913
Total non-operating expenses	15,357	21,556
Ordinary profit	98,655	108,527
Extraordinary income		
Gain on sale of non-current assets	–	149
Gain on sale of golf club membership	–	161
Gain on sale of businesses	3,772	2,363
Total extraordinary income	3,772	2,675
Extraordinary losses		
Impairment losses	7,135	2,517
Total extraordinary losses	7,135	2,517
Profit before income taxes	95,293	108,684
Income taxes-current	11,285	22,103
Income taxes-deferred	41,897	12,259
Total income taxes	53,183	34,362
Profit	42,110	74,322
Profit attributable to owners of parent	42,110	74,322

**Semi-annual Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Profit	42,110	74,322
Other comprehensive income		
Foreign currency translation adjustment	585	7,239
Total other comprehensive income	585	7,239
Comprehensive income	42,695	81,561
Comprehensive income attributable to:		
Owners of parent	42,695	81,561
Non-controlling interests	–	–

**(3) Semi-annual Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	95,293	108,684
Depreciation	162,826	177,764
Impairment losses	7,135	2,517
Amortization of goodwill	2,594	9,395
Increase (decrease) in allowance for doubtful accounts	(2,358)	1,131
Increase (decrease) in provision for bonuses	(31,658)	33,504
Interest expenses	11,770	12,642
Decrease (increase) in trade receivables	251,171	209,845
Increase (decrease) in trade payables	(58,069)	(75,085)
Increase (decrease) in advances received	92,042	163,959
Increase (decrease) in accounts payable-other	(144,485)	(323,827)
Other, net	(74,928)	(83,174)
Subtotal	311,333	237,358
Interest paid	(11,769)	(12,885)
Income taxes paid	(131,054)	(119,523)
Other, net	1,026	8
Net cash provided by (used in) operating activities	169,534	104,957
Cash flows from investing activities		
Payments into time deposits	(17,001)	(14,533)
Proceeds from withdrawal of time deposits	–	150,032
Purchase of property, plant and equipment	(181,341)	(173,266)
Purchase of intangible assets	(23,320)	(20,508)
Payments for asset retirement obligations	(26,001)	(21,495)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(65,672)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	2,499
Payments for acquisition of businesses	–	(2,863)
Proceeds from sale of businesses	3,772	2,513
Payments of guarantee deposits	(30,932)	(19,681)
Proceeds from refund of guarantee deposits	28,493	16,658
Other, net	2,826	3,155
Net cash provided by (used in) investing activities	(243,505)	(143,162)
Cash flows from financing activities		
Proceeds from long-term borrowings	750,000	1,008,000
Repayments of long-term borrowings	(429,552)	(627,584)
Dividends paid	(47,081)	(49,791)
Other payments	(2,830)	(2,213)
Net cash provided by (used in) financing activities	270,535	328,410
Effect of exchange rate change on cash and cash equivalents	30	6,044
Net increase (decrease) in cash and cash equivalents	196,594	296,250
Cash and cash equivalents at beginning of period	1,398,887	1,656,550
Cash and cash equivalents at end of period	1,595,481	1,952,800

**(4) Notes to Semi-annual Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Significant Changes in the Scope of Consolidation during the Period**

Ichie-Juku Co.,Ltd. was included in the scope of consolidation from the first six months of FY3/25 due to the acquisition of its shares.

In addition, PYGMALION ACADEMIA Co., Ltd. was included in the scope of consolidation from the first six months of FY3/25, as Ichie-Juku Co.,Ltd., our consolidated subsidiary, acquired shares in this company.

**Segment and Other Information**

Segment information

I. First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

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

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in semi-annual consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	5,089,395	–	–	5,089,395	–	5,089,395
Nursery schools	625,641	–	–	625,641	–	625,641
Other education services	268,841	–	–	268,841	–	268,841
Restaurant	–	–	27,929	27,929	–	27,929
Revenue from contracts with customers	5,983,878	–	27,929	6,011,808	–	6,011,808
Other revenue	–	20,381	–	20,381	–	20,381
External sales	5,983,878	20,381	27,929	6,032,189	–	6,032,189
Inter-segment sales and transfers	850	11,025	–	11,875	(11,875)	–
Total	5,984,728	31,406	27,929	6,044,064	(11,875)	6,032,189
Segment profit (loss)	127,719	9,868	(8,888)	128,698	(30,319)	98,379

Notes: 1. The minus 30,319 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 semi-annual 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 six months of FY3/24 was 7,135 thousand yen.

## II. First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

## 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 semi-annual consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	5,513,261	–	–	5,513,261	–	5,513,261
Nursery schools	673,131	–	–	673,131	–	673,131
Other education services	301,608	–	–	301,608	–	301,608
Restaurant	–	–	30,885	30,885	–	30,885
Revenue from contracts with customers	6,488,001	–	30,885	6,518,886	–	6,518,886
Other revenue	–	20,935	–	20,935	–	20,935
External sales	6,488,001	20,935	30,885	6,539,821	–	6,539,821
Inter-segment sales and transfers	1,234	10,391	–	11,625	(11,625)	–
Total	6,489,235	31,326	30,885	6,551,446	(11,625)	6,539,821
Segment profit (loss)	141,779	11,465	(3,531)	149,713	(31,550)	118,162

Notes: 1. The minus 31,550 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 semi-annual consolidated statement of income.

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

*Significant impairment losses on non-current assets*

An impairment loss was recognized in the Education services segment. The amount of this loss in the first six months of FY3/25 was 2,517 thousand yen.

*Significant changes in the amount of goodwill*

Ichie-Juku Co.,Ltd. was included in the scope of consolidation from the first six months of FY3/25, as we acquired shares in the company and incorporated it into our Education Services segment.

In addition, PYGMALION ACADEMIA Co., Ltd. was included in the scope of consolidation from the first six months of FY3/25, as Ichie-Juku Co.,Ltd., our consolidated subsidiary, acquired shares in this company and incorporated it into our Education Services segment.

The goodwill amount increased by 159,021 thousand yen in the first six months of FY3/25 as a result of acquiring shares.

**Additional Information***Reduction in Share Capital*

At the meeting of Board of Directors held on May 15, 2024, SEIGAKUSHA resolved to submit a proposal to 38th Annual General Meeting of Shareholders held on June 27, 2024, regarding a reduction in share capital, as described below, which was approved and passed at the said meeting.

## 1. Purpose of reduction in share capital

SEIGAKUSHA will reduce its share capital to maintain a flexible and dynamic capitalization strategy and to keep financial soundness through application of appropriate tax systems in accordance with its current operation scale. This will be conducted in accordance with Article 447, Paragraph 1 of the Companies Act. There will be no change in the number of shares issued and in net asset value.

## 2. Outline of reduction in share capital

### (1) Amount of share capital reduction

Share capital will be reduced by 135,108,320 yen from 235,108,320 yen. Post-reduction stated capital will be 100,000,000 yen.

### (2) Method of reducing share capital

As the method employed will be share capital reduction without compensation, the total number of shares issued will not be changed and the entire amount of share capital to be reduced will be transferred to “Other capital surplus.”

## 3. Schedule

(1) Resolution at Board of Directors meeting	May 15, 2024
(2) Annual General Meeting of Shareholders	June 27, 2024
(3) Final date for stating creditor objection	September 24, 2024
(4) Effective date for share capital reduction	October 1, 2024

## 4. Future Outlook

As this share capital reduction is to be conducted via transfer between items classified under net assets, it will result in no change in total net assets and in immaterial impact on financial results.

## Business Combination

### *Business Combination through Acquisition*

#### 1. Summary of Business Combination

##### (1) Name and Business of Acquired Enterprise

###### (i) Ichie-Juku Co., Ltd.

Name of acquired enterprise:	Ichie-Juku Co., Ltd.
Description of its business:	Operation of preparatory schools dedicated to preparation for university entrance exams, focusing on entrance exams of medical schools and other competitive universities

###### (ii) PYGMALION ACADEMIA Co., Ltd.

Name of acquired enterprise:	PYGMALION ACADEMIA Co., Ltd.
Description of its business:	Dispatch of teachers to entrance exam preparation schools

##### (2) Main reasons for business combination

Ichie-Juku whose shares we acquired operates two schools of “ICHIE-JUKU Academy” focusing on preparation of entrance exams for medical schools and competitive universities. In addition, PYGMALION ACADEMIA Co., Ltd. whose shares were acquired dispatches teachers to Ichie-Juku Co., Ltd. Ichie-Juku establishes tutoring styles suitable for individual students (tutoring in small classes, one-to-one tutoring), implementing uniquely developed curriculum regarding entrance exams for medical schools and other competitive universities. It has impressive track records of success every year.

Through the above share acquisition, we will aim at further development of the SEIGAKUSHA Group by moving in the market of preparation of entrance exams for medical schools and competitive universities and leveraging know-hows of both companies.

##### (3) Date of business combination

(i) Ichie-Juku Co., Ltd.	June 1, 2024
(ii) PYGMALION ACADEMIA Co., Ltd.	July 1, 2024

## (4) Legal form of business combination

Acquisition of shares carried out for consideration in cash

## (5) Name of combined enterprise

Unchanged

## (6) Ratio of acquired voting rights

(i) Ichie-Juku Co., Ltd. 100.0%

(ii) PYGMALION ACADEMIA Co., Ltd. 100.0%

## (7) Main grounds for determining acquiring enterprise

SEIGAKUSHA acquired shares for consideration in cash.

## 2. Period of performance of the acquired enterprises included in the semi-annual consolidated statements of income for the first six months of FY3/25

(1) Ichie-Juku Co., Ltd. June 1, 2024 to September 30, 2024

(2) PYGMALION ACADEMIA Co., Ltd. July 1, 2024 to September 30, 2024

## 3. Acquisition costs of acquired enterprises and breakdown by type of consideration

## (1) Ichie-Juku Co., Ltd.

Consideration for acquisition Cash, 182 million yen

Acquisition cost 182 million yen

## (2) PYGMALION ACADEMIA Co., Ltd.

Consideration for acquisition Cash, 129 million yen

Acquisition cost 129 million yen

## 4. Amount of goodwill that occurred, cause for occurrence, amortization method and period thereof

## (1) Amount of goodwill that occurred

(i) Ichie-Juku Co., Ltd. 85,019 thousand yen

(ii) PYGMALION ACADEMIA Co., Ltd. 74,002 thousand yen

## (2) Cause for occurrence

Mainly due to excess earning power expected from future business development.

## (3) Amortization method and period thereof

Amortized in equal amounts over a seven-year period

*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.*