

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2025
(Nine Months Ended December 31, 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 payment of dividend: –
 Preparation of supplementary materials for financial results: None
 Holding of 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, 2024**(April 1, 2024–December 31, 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	%
Nine months ended Dec. 31, 2024	10,552	8.9	802	22.2	796	21.4	527	40.0
Nine months ended Dec. 31, 2023	9,688	3.2	657	(0.9)	656	(1.6)	376	(9.5)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2024: 522 (up 37.2%)
 Nine months ended Dec. 31, 2023: 380 (down 9.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2024	95.05	–
Nine months ended Dec. 31, 2023	67.91	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2024	10,231	3,894	38.1
As of Mar. 31, 2024	8,863	3,474	39.2

Reference: Equity (million yen) As of Dec. 31, 2024: 3,894 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)	71.70

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 subsidiaries: 2 companies (Ichie-Juku Co., Ltd., PYGMALION ACADEMIA Co., Ltd.)

Excluded: 1 company (PYGMALION ACADEMIA Co., Ltd.)

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Significant Changes in the Scope of Consolidation during the Period” on page 8 for details.

(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 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 Dec. 31, 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 Dec. 31, 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

Nine months ended Dec. 31, 2024:	5,547,898 shares	Nine months ended Dec. 31, 2023:	5,548,025 shares
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* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Appropriate use of earnings forecasts, and other special items

Cautionary note on forward-looking statements

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 3 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 for the first nine months were 10,552 million yen, up 8.9% from the same period of the previous fiscal year. Operating profit was 802 million yen, up 22.2% from the same period of the previous fiscal year, ordinary profit was 796 million yen, up 21.4% from the same period of the previous fiscal year, and profit attributable to owners of parent was 527 million yen, up 40.0% from the same period of the previous fiscal year.

Business segment performance was as follows.

1) Education services

The group-wide number of students (at directly operated schools), which normally peaks in November each year, amounted to 27,438, a significant increase of 5.4% compared to one year earlier. This was mainly driven by strong growth of student enrollments in the individual tutoring category. By category, individual tutoring students increased 7.0% to 19,739, class teaching students decreased 0.3% to 6,412, nursery school students increased 0.5% to 745, and students in other education services increased 30.6% to 542.

Sales in entrance exam preparation schools category increased year on year mainly thanks to an increase in the number of students, in addition to a revision of tuition fees, and strong seminar enrollment 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 as a result of an earlier decision to grant an operating subsidy than in the previous year and increased subsidy related to revised official prices. In the other education service category, sales increased due to the increased number of students at Kaisei Academy Japanese Language School.

Meanwhile, expenses 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 making Ichie-Juku Co., Ltd. a consolidated subsidiary.

Consequently, segment sales increased 8.9% from one year earlier to 10,470 million yen and sales growth absorbed expenses. As a result, segment profit (operating profit) increased 20.1% from one year earlier to 830 million yen.

2) Real estate leasing

Segment sales increased 2.9% from one year earlier to 31 million yen and segment profit (operating profit) increased 12.1% to 17 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 by 8.6% from one year earlier to 51 million yen as demand for both lunches and dinners remained strong and the average spending per customer increased. Segment loss (operating loss) improved from 8 million yen one year earlier to 2 million yen due to a decrease in one-off expenses (major repair costs) for the previous fiscal year, though partially offset by higher personnel costs and rising raw material prices.

(2) Financial Position

Total assets at the end of the third quarter of the current fiscal year increased by 1,368 million yen, or 15.4%, from the end of the previous fiscal year to 10,231 million yen. Current assets increased by 1,005 million yen, or 28.6%, from the end of the previous fiscal year to 4,523 million yen. This was attributable mainly to increases of 1,372 million yen in accounts receivable and contract assets and 171 million yen in accounts receivable-other included in other of current assets, which were partly offset by a decrease of 513 million yen in cash and deposits. Non-current assets increased by 363 million yen, or 6.8%, from the end of the previous fiscal year to 5,707 million yen. This was mainly attributable to increases of 145 million yen in goodwill, 91 million yen in deferred tax assets included in other of investments and other assets, 86 million yen in property, plant and equipment, and 45 million yen in guarantee deposits.

Total liabilities increased by 948 million yen, or 17.6%, from the end of the previous fiscal year to 6,337 million yen. Current liabilities increased by 654 million yen, or 19.3%, from the end of the previous fiscal year to 4,042 million yen. This was attributable mainly to increases of 589 million yen in advances received and of 103 million yen in income taxes payable. Non-current liabilities increased by 294 million yen, or 14.7%, from the end of the previous fiscal year to 2,294 million yen. This was attributable mainly to an increase of 271 million yen in long-term borrowings.

Net assets increased by 419 million yen, or 12.1%, from the end of the previous fiscal year to 3,894 million yen. This was attributable mainly to an increase of 424 million yen in retained earnings.

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

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	1,996,744	1,482,972
Accounts receivable and contract assets	1,119,407	2,491,890
Merchandise	46,146	36,018
Work in process	—	280
Supplies	10,378	10,415
Other	351,552	508,915
Allowance for doubtful accounts	(5,395)	(6,577)
Total current assets	3,518,834	4,523,915
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,586,840	4,770,446
Accumulated depreciation	(2,018,176)	(2,157,311)
Buildings and structures, net	2,568,664	2,613,135
Land	1,107,259	1,107,259
Other	925,831	1,010,769
Accumulated depreciation	(716,567)	(759,618)
Other, net	209,264	251,151
Total property, plant and equipment	3,885,187	3,971,545
Intangible assets		
Goodwill	9,978	155,413
Other	179,962	173,886
Total intangible assets	189,940	329,299
Investments and other assets		
Guarantee deposits	928,019	973,391
Other	341,081	433,742
Total investments and other assets	1,269,101	1,407,133
Total non-current assets	5,344,229	5,707,979
Total assets	8,863,064	10,231,894

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Third quarter of FY3/25 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	166,662	108,301
Current portion of long-term borrowings	929,432	858,355
Income taxes payable	133,644	236,939
Advances received	841,172	1,430,884
Provision for bonuses	191,549	54,087
Other	1,126,116	1,354,192
Total current liabilities	3,388,577	4,042,762
Non-current liabilities		
Long-term borrowings	1,383,691	1,654,948
Retirement benefit liability	8,110	8,005
Asset retirement obligations	509,021	517,178
Other	99,205	114,619
Total non-current liabilities	2,000,028	2,294,751
Total liabilities	5,388,605	6,337,513
Net assets		
Shareholders' equity		
Share capital	235,108	100,000
Capital surplus	178,349	313,457
Retained earnings	3,364,570	3,789,286
Treasury shares	(265,687)	(265,687)
Total shareholders' equity	3,512,339	3,937,056
Accumulated other comprehensive income		
Foreign currency translation adjustment	(37,881)	(42,675)
Total accumulated other comprehensive income	(37,881)	(42,675)
Total net assets	3,474,458	3,894,380
Total liabilities and net assets	8,863,064	10,231,894

(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 FY3/24 (Apr. 1, 2023–Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024–Dec. 31, 2024)
Net sales	9,688,853	10,552,872
Cost of sales	7,578,179	8,157,425
Gross profit	2,110,673	2,395,447
Selling, general and administrative expenses	1,453,480	1,592,513
Operating profit	657,193	802,934
Non-operating income		
Interest income	1,193	487
Commission income	6,207	6,099
Foreign exchange gains	1,999	3,706
Gain on reversal of asset retirement obligations	–	2,558
Other	11,099	6,696
Total non-operating income	20,499	19,548
Non-operating expenses		
Interest expenses	17,648	19,304
Other	3,856	6,723
Total non-operating expenses	21,505	26,027
Ordinary profit	656,187	796,455
Extraordinary income		
Gain on sale of non-current assets	–	149
Gain on sale of golf club membership	–	161
Settlement income	2,400	–
Gain on sale of businesses	3,772	2,363
Total extraordinary income	6,172	2,675
Extraordinary losses		
Impairment losses	7,135	9,082
Total extraordinary losses	7,135	9,082
Profit before income taxes	655,225	790,048
Income taxes-current	327,788	354,347
Income taxes-deferred	(49,305)	(91,651)
Total income taxes	278,483	262,695
Profit	376,742	527,352
Profit attributable to owners of parent	376,742	527,352

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

	(Thousands of yen)	
	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024–Dec. 31, 2024)
Profit	376,742	527,352
Other comprehensive income		
Foreign currency translation adjustment	4,126	(4,794)
Total other comprehensive income	4,126	(4,794)
Comprehensive income	380,868	522,558
Comprehensive income attributable to:		
Owners of parent	380,868	522,558
Non-controlling interests	—	—

(3) Notes to Quarterly 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 quarter of FY3/25, due to the acquisition of its shares.

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

In the third quarter of FY3/25, PYGMALION ACADEMIA Co., Ltd., our consolidated subsidiary, was dissolved by an absorption-type merger with Ichie-Juku Co., Ltd., also our consolidated subsidiary, as the surviving company, and was excluded from the scope of consolidation.

Segment and Other Information

Segment information

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

II. First nine months of FY3/25 (Apr. 1, 2024–Dec. 31, 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 quarterly consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	8,888,611	–	–	8,888,611	–	8,888,611
Nursery schools	1,131,078	–	–	1,131,078	–	1,131,078
Other education services	450,655	–	–	450,655	–	450,655
Restaurant	–	–	51,193	51,193	–	51,193
Revenue from contracts with customers	10,470,345	–	51,193	10,521,539	–	10,521,539
Other revenue	–	31,333	–	31,333	–	31,333
External sales	10,470,345	31,333	51,193	10,552,872	–	10,552,872
Inter-segment sales and transfers	1,824	15,581	–	17,405	(17,405)	–
Total	10,472,169	46,915	51,193	10,570,278	(17,405)	10,552,872
Segment profit (loss)	830,805	17,629	(2,961)	845,472	(42,538)	802,934

Notes: 1. The minus 42,538 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

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 nine months of FY3/25 was 9,082 thousand yen.

Significant changes in the amount of goodwill

Ichie-Juku Co., Ltd. was included in the scope of consolidation from the first quarter 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 second quarter 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 nine months of FY3/25 as a result of acquiring shares.

Notes to the Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows has not been prepared for the first nine months of the current fiscal year. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first nine months of each fiscal year are as follows.

(Thousands of yen)

	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)	First nine months of FY3/25 (Apr. 1, 2024–Dec. 31, 2024)
Depreciation	246,699	270,892
Amortization of goodwill	3,827	16,450

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) Date of resolution by the Board of Directors	May 15, 2024
(2) Date of resolution of the 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 an immaterial impact on financial results.

Business Combination

Transactions under common control

Absorption-type merger between consolidated subsidiaries

1. Outline of the transaction

(1) Name and business of constituent enterprises

(i) Company surviving an absorption-type merger

Name: 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) Company dissolved in an absorption-type merger

Name: PYGMALION ACADEMIA Co., Ltd.

Description of its business: Dispatch of teachers to entrance exam preparation schools

(2) Date of business combination

November 1, 2024

(3) Legal form of business combination

An absorption-type merger with Ichie-Juku Co., Ltd. as a surviving company and PYGMALION ACADEMIA Co., Ltd. as a dissolved company

(4) Name of combined enterprise

Ichie-Juku Co., Ltd.

(5) Other matters related to the transaction

The purpose of this merger is to streamline the organization and business of the Group.

2. Implemented accounting processes

The absorption-type merger is treated as a transaction under common control in accordance with “Accounting Standard for Business Combinations (ASBJ Statement No. 21 January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 January 16, 2019).

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.