

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025

[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 26, 2025

Scheduled date of payment of dividends: June 27, 2025

Scheduled date of filing of Annual Securities Report: June 26, 2025

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, 2025 (April 1, 2024–March 31, 2025)

(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, 2025	14,287	9.0	778	10.7	758	6.7	461	6.4
Fiscal year ended Mar. 31, 2024	13,102	3.4	702	(1.3)	711	(2.3)	433	2.9

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2025: 487 (up 16.0%)

Fiscal year ended Mar. 31, 2024: 419 (up 2.1%)

	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, 2025	83.18	–	12.6	8.3	5.4
Fiscal year ended Mar. 31, 2024	78.19	–	13.1	8.2	5.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2025: – Fiscal year ended Mar. 31, 2024: –

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	9,472	3,859	40.7	695.59
As of Mar. 31, 2024	8,863	3,474	39.2	626.27

Reference: Equity (million yen)

As of Mar. 31, 2025: 3,859

As of Mar. 31, 2024: 3,474

(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, 2025	1,012	(338)	(166)	2,167
Fiscal year ended Mar. 31, 2024	1,038	(538)	(227)	1,656

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, 2024	–	9.00	–	9.00	18.00	99	23.0	3.0
Fiscal year ended Mar. 31, 2025	–	9.50	–	9.50	19.00	105	22.8	2.9
Fiscal year ending Mar. 31, 2026 (forecast)	–	11.00	–	11.00	22.00		28.4	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(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	7,040	7.7	50	(57.6)	39	(63.7)	5	(92.6)	0.99
Full year	15,200	6.4	826	6.2	805	6.1	429	(6.9)	77.44

* Notes

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

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

Excluded: 2 companies (PYGMALION ACADEMIA Co., Ltd., one other company)

(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, 2025: 5,876,000 shares As of Mar. 31, 2024: 5,876,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2025: 328,102 shares As of Mar. 31, 2024: 328,102 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2025: 5,547,898 shares Fiscal year ended Mar. 31, 2024: 5,547,993 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024–March 31, 2025)

(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, 2025	13,618	7.7	781	9.6	740	9.6	473	19.1
Fiscal year ended Mar. 31, 2024	12,645	3.2	713	4.0	675	0.7	397	8.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2025	85.29	—
Fiscal year ended Mar. 31, 2024	71.60	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	9,055	3,760	41.5	677.85
As of Mar. 31, 2024	8,501	3,386	39.8	610.41

Reference: Equity (million yen)

As of Mar. 31, 2025: 3,760

As of Mar. 31, 2024: 3,386

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026

(April 1, 2025–March 31, 2026)

(Percentages represent year-on-year changes)

	Net sales		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,615	6.8	31	(73.1)	4	(94.5)	0.90
Full year	14,397	5.7	796	7.6	430	(9.1)	77.54

* The summary of consolidated financial results is not subject to audit conducted by certified public accountants or an audit firm.

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

(Notes on the use of 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, Etc., (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 4, 2025. The 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, Etc.

(1) Results of Operations

During the fiscal year that ended on March 31, 2025 (hereinafter the “fiscal year under review”), the Japanese economy continued its moderate recovery, supported by improvements in corporate earnings and the employment environment. However, the outlook remains uncertain due to ongoing unstable international situation, rising prices, and fluctuations in financial and capital markets.

In Japan’s education services industry, competition is increasingly intensifying due to the declining school-age population caused by a declining birthrate 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 university entrance exam system reforms, and the growing demand for ICT-based education services and childcare services including nursery schools and after-school day care centers.

Under such circumstance, 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, Kaisei Nursery School certified nursery schools, and Kaisei Academy Japanese Language School for foreign students in Japan.

As a result, consolidated net sales were 14,287 million yen, 9.0% higher than in the previous fiscal year. Operating profit was 778 million yen, 10.7% higher than in the previous fiscal year, ordinary profit was 758 million yen, 6.7% higher than in the previous fiscal year, and profit attributable to owners of parent was 461 million yen, 6.4% higher than in the previous fiscal year.

Business segment performance was as follows.

1) Education services

Number of Students at SEIGAKUSHA Group Schools

Category	November 30, 2023	November 30, 2024	Change
Individual tutoring	18,441	19,739	Up 7.0%
Class teaching	6,429	6,412	Down 0.3%
Nursery schools	741	745	Up 0.5%
Other education services	415	542	Up 30.6%
Total	26,026	27,438	Up 5.4%

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 operated by the SEIGAKUSHA Group and does not include students at franchised schools.

In the individual tutoring category, the number of students increased. The major reason was continuous marketing activities emphasizing the ability to improve students’ test scores and prepare them for university entrance exams, which is a key strength of FreeStep Individual Tutoring Institute, the primary brand in this category. The increasing number of students enrolled was also attributable to the strengthening of web advertising activities. In the other education services category, the number of students increased due to the strong enrollment of new students at the Japanese Language School.

Number of Schools

Category	March 31, 2024	Increase	Decrease	March 31, 2025
Individual tutoring	228	6	4	230
Class teaching	72	2	4	70
Nursery schools	17	—	—	17
Other education services	5	—	—	5
Directly operated schools	275	7	5	277
Franchised schools	55	3	8	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.

The net increase of 2 directly operated schools was a result of openings of 4 directly operated schools (2 in Tokyo and 2 in Kanagawa), conversion of 1 school (in Osaka) to direct operation, and conversion of Ichie-Juku Co., Ltd. to a subsidiary, which operates 2 schools (1 in Tokyo and 1 in Kanagawa), which were partially offset by closures of 2 schools (1 in Osaka and 1 in Hyogo), consolidation through relocation of 2 schools (both in Osaka), and conversion of 1 directly operated school (in Kyoto) to a franchisee. As a result, the number of directly operated schools as of March 31, 2025 was 277.

The net decrease of 5 franchised schools was a result of openings of 2 schools (1 in Osaka and 1 in Tokushima), conversion of 1 school to a franchised school as described above, which were more than offset by closure of 1 school (in Tokushima), conversion of 1 school to direct operation as described above, and closures of 6 kindergartens (in Vietnam). As a result, the number of franchised schools as of March 31, 2025 was 50.

Segment Sales and Earnings

Sales in the entrance exam preparation schools category increased thanks mainly to an increase in the number of students and a revision of tuition fees in response to rising prices in the individual tutoring category, and the 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 an increased subsidy associated with the revision of official prices and increased operating subsidy. In the other education services category, sales increased mainly due to the steady enrollment of new students at the Japanese Language School.

Meanwhile, expenses increased mainly because of higher personnel expenses resulting from improved compensation for employees, higher advertising and marketing expenses resulting from the proactive implementation of online advertising to increase student enrollment, an increase in rent due to an increase in the number of classrooms and an increase in classroom floor space, and expenses incurred as a result of making Ichie-Juku Co., Ltd. a consolidated subsidiary.

Consequently, segment sales increased 9.1% from one year earlier to 14,177 million yen and the sales growth absorbed expenses. As a result, segment profit (operating profit) increased 9.0% from one year earlier to 810 million yen.

2) Real estate leasing

Segment sales increased 3.4% from one year earlier to 41 million yen and segment profit (operating profit) increased 10.2% to 24 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 7.7% from one year earlier to 67 million yen as the number of customers coming to both lunches and dinners remained strong and the average spending per customer increased. Segment loss (operating loss) improved from 9 million yen one year earlier to 3 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 food ingredient prices.

(2) Financial Position

Assets, Liabilities and Net assets

1) Assets

Current assets increased by 329 million yen, or 9.4%, from the end of the previous fiscal year to 3,848 million yen. This was attributable mainly to an increase of 180 million yen in cash and deposits and an increase of 120 million yen in accounts receivable and contract assets.

Non-current assets increased by 280 million yen, or 5.2%, from the end of the previous fiscal year to 5,624 million yen. This was mainly attributable to increases of 138 million yen in goodwill; 59 million yen in buildings and structures, net; 45 million yen in guarantee deposits, and 14 million yen in leased assets, net.

As a result, total assets increased by 609 million yen, or 6.9%, from the end of the previous fiscal year to 9,472 million yen.

2) Liabilities

Current liabilities increased by 89 million yen, or 2.7%, from the end of the previous fiscal year to 3,478 million yen. This was attributable mainly to increases of 121 million yen in accounts payable – personnel expenses included in other and 98 million yen in accounts payable-other, which were partly offset by a decrease of 120 million yen in current portion of long-term borrowings.

Non-current liabilities increased by 134 million yen, or 6.7%, from the end of the previous fiscal year to 2,134 million yen. This was attributable mainly to increases of 86 million yen in long-term borrowings, 33 million yen in asset retirement obligations, and 14 million yen in lease liabilities.

As a result, total liabilities increased by 224 million yen, or 4.2%, from the end of the previous fiscal year to 5,613 million yen.

3) Net assets

Net assets increased by 384 million yen, or 11.1%, from the end of the previous fiscal year to 3,859 million yen. This was attributable mainly to increases of 358 million yen in retained earnings and 25 million yen in foreign currency translation adjustment.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review increased by 510 million yen from the end of the previous fiscal year to 2,167 million yen.

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

1) Cash flows from operating activities

Net cash provided by operating activities was 1,012 million yen (a decrease of 25 million yen compared with the previous fiscal year). Major negative factors include income taxes paid of 238 million yen. Major positive factors include profit before income taxes of 661 million yen, depreciation of 375 million yen, and an increase of 142 million yen in accounts payable-other.

2) Cash flows from investing activities

Net cash used in investing activities was 338 million yen (a decrease of 200 million yen compared with the previous fiscal year). Major cash outflows include purchase of property, plant and equipment of 480 million yen. Major cash inflows include proceeds from withdrawal of time deposits of 345 million yen.

3) Cash flows from financing activities

Net cash used in financing activities was 166 million yen (a decrease of 61 million yen compared with the previous fiscal year). Major cash outflows include repayments of long-term borrowings of 1,065 million yen and dividends paid of 102 million yen. Major cash inflows include proceeds from long-term borrowings of 1,008 million yen.

Reference: Cash flow indicators

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Equity ratio (%)	29.0	33.2	37.0	39.2	40.7
Equity ratio based on market value (%)	53.5	50.6	45.7	46.8	45.3
Interest-bearing debt to cash flow ratio (%)	1,361.9	272.6	308.9	227.0	231.3
Interest coverage ratio (times)	9.8	39.9	33.9	45.8	39.6

Notes: The above figures are calculated as follows:

- Equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / Total asset
 - 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 net cash provided by (used in) operating activities in the consolidated statement of cash flows. Interest-bearing debt comprises all debts on the consolidated balance sheet that incur interest. Interest payments use the amount of interest paid stated on the consolidated statement of cash flows.

(4) Outlook

In the next fiscal year, we expect the business environment to remain challenging due to macroeconomic factors such as geopolitical risks, rising prices, the impact of US tariff policies, and fluctuations in financial and capital markets, as well as changes in entries in and leaves from schools caused by diversified entrance examination systems and other factors.

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.” We will expand our businesses further, especially in the Tokyo area.

1) Education services

In the education services segment, we plan to open 14 directly operated schools and to increase the number of students to 27,985 as of the peak in November 2025, a 2.0% increase compared to one year earlier.

In the individual tutoring category, we plan to open 14 directly operated schools and 5 franchised schools with a focus on developing schools in the Tokyo area. In addition, we will raise the percentage of prospective students who register for classes and improve customer satisfaction to increase the number of students. In doing so, we will operate a guarantee program for raising school exam scores, as well as develop and improve My Step Log, SEIGAKUSHA’s proprietary LMS (Learning Management System), and the member site. Also, by increasing the number of successful university admissions, we aim to further strengthen the brand value of FreeStep as a provider of classes that are successful at enabling students to pass university examinations. In the class teaching category, we will focus on increasing enrollment of elementary school students across various courses—particularly the program for Osaka City Integrated Junior and Senior High School, which has a strong track record of high pass rates to recover the number of students. Also, we will close unprofitable locations to streamline the business. In the nursery school category, amid expected stable steady growth in the number of children in our nursery schools, we will assign staff members efficiently and continue to provide childcare services matching the needs of parents and guardians to improve qualities of childcare services and stabilize revenue of the nursery school business. In the other education services category, Kaisei Academy Japanese Language School will work to increase the number of students and 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 a 6.4% increase in net sales to 15,200 million yen, a 6.2% increase in operating profit to 826 million yen, a 6.1% increase in ordinary profit to 805 million yen, and an 6.9% decrease in profit attributable to owners of parent to 429 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 9.50 yen per share. As year-end dividends, we plan to submit a resolution at the shareholders meeting for a year-end dividend of 9.50 yen per share. If this resolution is approved, the total annual dividend will be 19.00 yen per share. For the fiscal year ending March 31, 2026, we plan to pay interim and year-end dividends of 11.00 yen per share each, resulting in the total annual dividend of 22.00 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 IFRS Accounting Standards, 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)	
	FY3/24 (As of Mar. 31, 2024)	FY3/25 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	1,996,744	2,177,739
Accounts receivable and contract assets	1,119,407	1,239,750
Merchandise	46,146	48,638
Supplies	10,378	8,465
Other	351,552	380,991
Allowance for doubtful accounts	(5,395)	(7,527)
Total current assets	3,518,834	3,848,057
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,586,840	4,787,171
Accumulated depreciation	(2,018,176)	(2,158,769)
Buildings and structures, net	2,568,664	2,628,402
Land	1,107,259	1,107,259
Leased assets	82,878	105,723
Accumulated depreciation	(25,090)	(33,416)
Leased assets, net	57,788	72,306
Construction in progress	2,662	–
Other	840,291	912,292
Accumulated depreciation	(691,477)	(730,268)
Other, net	148,813	182,024
Total property, plant and equipment	3,885,187	3,989,991
Intangible assets		
Goodwill	9,978	148,405
Other	179,962	171,439
Total intangible assets	189,940	319,844
Investments and other assets		
Investment securities	10,620	10,620
Long-term loans receivable	33,729	30,371
Deferred tax assets	224,522	221,041
Guarantee deposits	928,019	973,450
Other	72,209	79,125
Total investments and other assets	1,269,101	1,314,609
Total non-current assets	5,344,229	5,624,445
Total assets	8,863,064	9,472,503

	(Thousands of yen)	
	FY3/24	FY3/25
	(As of Mar. 31, 2024)	(As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	166,662	141,794
Current portion of long-term borrowings	929,432	808,508
Lease liabilities	5,285	9,414
Income taxes payable	133,644	85,511
Advances received	841,172	857,710
Provision for bonuses	191,549	206,154
Accounts payable-other	659,938	758,263
Asset retirement obligations	2,335	2,942
Other	458,557	608,252
Total current liabilities	3,388,577	3,478,552
Non-current liabilities		
Long-term borrowings	1,383,691	1,470,359
Lease liabilities	39,886	53,893
Retirement benefit liability	8,110	9,408
Deferred tax liabilities	36,182	35,197
Asset retirement obligations	509,021	542,308
Other	23,136	23,734
Total non-current liabilities	2,000,028	2,134,901
Total liabilities	5,388,605	5,613,454
Net assets		
Shareholders' equity		
Share capital	235,108	100,000
Capital surplus	178,349	313,457
Retained earnings	3,364,570	3,723,413
Treasury shares	(265,687)	(265,687)
Total shareholders' equity	3,512,339	3,871,183
Accumulated other comprehensive income		
Foreign currency translation adjustment	(37,881)	(12,134)
Total accumulated other comprehensive income	(37,881)	(12,134)
Total net assets	3,474,458	3,859,048
Total liabilities and net assets	8,863,064	9,472,503

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

(Thousands of yen)

	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)	FY3/25 (Apr. 1, 2024–Mar. 31, 2025)
Net sales	13,102,403	14,287,096
Cost of sales	10,299,475	11,157,104
Gross profit	2,802,927	3,129,992
Selling, general and administrative expenses	2,099,976	2,351,704
Operating profit	702,950	778,287
Non-operating income		
Interest income	2,386	152
Commission income	8,754	8,136
Insurance claim income	6,759	–
Foreign exchange gains	13,338	–
Gain on reversal of asset retirement obligations	–	2,558
Other	6,145	8,581
Total non-operating income	37,385	19,428
Non-operating expenses		
Interest expenses	22,724	25,382
Foreign exchange losses	–	3,240
Other	6,485	10,534
Total non-operating expenses	29,210	39,158
Ordinary profit	711,125	758,557
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		
Loss on valuation of investment securities	0	–
Impairment losses	64,621	77,496
Loss on foreign currency translation adjustment	–	22,319
Total extraordinary losses	64,621	99,815
Profit before income taxes	652,676	661,417
Income taxes-current	214,963	197,440
Income taxes-deferred	3,903	2,496
Total income taxes	218,867	199,937
Profit	433,809	461,479
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	433,809	461,479

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/24	FY3/25
	(Apr. 1, 2023–Mar. 31, 2024)	(Apr. 1, 2024–Mar. 31, 2025)
Profit	433,809	461,479
Other comprehensive income		
Foreign currency translation adjustment	(13,867)	25,746
Total other comprehensive income	(13,867)	25,746
Comprehensive income	419,941	487,226
Comprehensive income attributable to:		
Owners of parent	419,941	487,226
Non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(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	3,027,852	(265,655)	3,175,654
Changes during period					
Dividends of surplus			(97,091)		(97,091)
Profit attributable to owners of parent			433,809		433,809
Purchase of treasury shares				(32)	(32)
Capital reduction					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	336,717	(32)	336,685
Balance at end of period	235,108	178,349	3,364,570	(265,687)	3,512,339

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(24,013)	(24,013)	3,151,640
Changes during period			
Dividends of surplus			(97,091)
Profit attributable to owners of parent			433,809
Purchase of treasury shares			(32)
Capital reduction			—
Net changes in items other than shareholders' equity	(13,867)	(13,867)	(13,867)
Total changes during period	(13,867)	(13,867)	322,817
Balance at end of period	(37,881)	(37,881)	3,474,458

FY3/25 (Apr. 1, 2024–Mar. 31, 2025)

(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	3,364,570	(265,687)	3,512,339
Changes during period					
Dividends of surplus			(102,636)		(102,636)
Profit attributable to owners of parent			461,479		461,479
Purchase of treasury shares					—
Capital reduction	(135,108)	135,108			—
Net changes in items other than shareholders' equity					
Total changes during period	(135,108)	135,108	358,843	—	358,843
Balance at end of period	100,000	313,457	3,723,413	(265,687)	3,871,183

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(37,881)	(37,881)	3,474,458
Changes during period			
Dividends of surplus			(102,636)
Profit attributable to owners of parent			461,479
Purchase of treasury shares			—
Capital reduction			—
Net changes in items other than shareholders' equity	25,746	25,746	25,746
Total changes during period	25,746	25,746	384,590
Balance at end of period	(12,134)	(12,134)	3,859,048

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/24	FY3/25
	(Apr. 1, 2023–Mar. 31, 2024)	(Apr. 1, 2024–Mar. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	652,676	661,417
Depreciation	337,926	375,725
Impairment losses	64,621	77,496
Amortization of goodwill	5,059	23,458
Increase (decrease) in allowance for doubtful accounts	(2,887)	2,086
Increase (decrease) in provision for bonuses	(34,903)	14,605
Interest expenses	22,724	25,382
Decrease (increase) in trade receivables	48,541	(91,006)
Increase (decrease) in trade payables	9,441	(24,901)
Increase (decrease) in advances received	59,146	(45,211)
Increase (decrease) in accounts payable-other	86,731	142,171
Other, net	57,266	114,372
Subtotal	1,306,346	1,275,596
Interest paid	(22,681)	(25,552)
Income taxes paid	(258,491)	(238,714)
Other, net	13,510	1,495
Net cash provided by (used in) operating activities	1,038,683	1,012,824
Cash flows from investing activities		
Payments into time deposits	(36,503)	(15,284)
Proceeds from withdrawal of time deposits	–	345,142
Purchase of property, plant and equipment	(396,873)	(480,610)
Purchase of intangible assets	(64,063)	(59,636)
Payments for asset retirement obligations	(28,923)	(27,577)
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	(53,410)	(56,605)
Proceeds from refund of guarantee deposits	35,449	18,015
Other, net	1,559	1,448
Net cash provided by (used in) investing activities	(538,992)	(338,631)
Cash flows from financing activities		
Proceeds from long-term borrowings	750,000	1,008,000
Repayments of long-term borrowings	(875,967)	(1,065,743)
Dividends paid	(97,020)	(102,543)
Other payments	(4,923)	(5,800)
Net cash provided by (used in) financing activities	(227,911)	(166,088)
Effect of exchange rate change on cash and cash equivalents	(14,115)	2,747
Net increase (decrease) in cash and cash equivalents	257,663	510,852
Cash and cash equivalents at beginning of period	1,398,887	1,656,550
Cash and cash equivalents at end of period	1,656,550	2,167,403

(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.

Ichie-Juku Co., Ltd.

SEIGAKUSHA KOREA CO.,LTD.

SEIGAKUSHA VIETNAM COMPANY LIMITED

Changes in scope of consolidation

During the fiscal year under review, we acquired shares of Ichie-Juku Co., Ltd. and PYGMALION ACADEMIA Co., Ltd. and have included them in the scope of consolidation.

In addition, as of November 1, 2024, PYGMALION ACADEMIA Co., Ltd., which had been a consolidated subsidiary, was dissolved through an absorption-type merger with Ichie-Juku Co., Ltd. as the surviving company, and has therefore been excluded from the scope of consolidation.

During the fiscal year under review, APLIS INTERNATIONAL EDUCATION CORP., which had been a consolidated subsidiary, was liquidated and has therefore been excluded from the scope of consolidation.

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.

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

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(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	11,042,990	–	–	11,042,990	–	11,042,990
Nursery schools	1,436,339	–	–	1,436,339	–	1,436,339
Other education services	520,119	–	–	520,119	–	520,119
Restaurant	–	–	62,596	62,596	–	62,596
Revenue from contracts with customers	12,999,448	–	62,596	13,062,045	–	13,062,045
Other revenue	–	40,357	–	40,357	–	40,357
External sales	12,999,448	40,357	62,596	13,102,403	–	13,102,403
Inter-segment sales and transfers	1,795	22,092	–	23,887	(23,887)	–
Total	13,001,243	62,450	62,596	13,126,290	(23,887)	13,102,403
Segment profit (loss)	743,602	22,221	(9,863)	755,960	(53,009)	702,950
Segment assets	6,300,735	432,077	13,239	6,746,052	2,117,012	8,863,064
Other items						
Depreciation	298,261	6,155	649	305,066	32,860	337,926
Increase in property, plant and equipment and intangible assets	463,272	6,702	1,105	471,079	26,274	497,353

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 reportable segments. These corporate expenses mainly include general and administration expenses that cannot be attributed to any of the reportable segments.
- (2) The 2,117 million yen adjustment to segment assets is corporate assets that are not allocated to reportable segments.
- (3) The 26 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.

FY3/25 (Apr. 1, 2024–Mar. 31, 2025)

(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	11,980,773	–	–	11,980,773	–	11,980,773
Nursery schools	1,609,508	–	–	1,609,508	–	1,609,508
Other education services	587,636	–	–	587,636	–	587,636
Restaurant	–	–	67,440	67,440	–	67,440
Revenue from contracts with customers	14,177,918	–	67,440	14,245,359	–	14,245,359
Other revenue	–	41,737	–	41,737	–	41,737
External sales	14,177,918	41,737	67,440	14,287,096	–	14,287,096
Inter-segment sales and transfers	4,498	20,742	–	25,240	(25,240)	–
Total	14,182,416	62,479	67,440	14,312,336	(25,240)	14,287,096
Segment profit (loss)	810,629	24,487	(3,900)	831,217	(52,930)	778,287
Segment assets	7,106,504	398,838	10,530	7,515,874	1,956,628	9,472,503
Other items						
Depreciation	337,941	5,782	763	344,487	31,238	375,725
Increase in property, plant and equipment and intangible assets	524,834	890	–	525,724	24,724	550,448

Notes: 1. Adjustments are as follows.

- (1) The minus 52 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 1,956 million yen adjustment to segment assets is corporate assets that are not allocated to reportable segments.
- (3) The 24 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

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Impairment loss	64,621	–	–	–	64,621

FY3/25 (Apr. 1, 2024–Mar. 31, 2025)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Impairment loss	77,496	–	–	–	77,496

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

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Amortization for the period	5,059	–	–	–	5,059
Balance at end of period	9,978	–	–	–	9,978

FY3/25 (Apr. 1, 2024–Mar. 31, 2025)

(Thousands of yen)

	Education Services	Real Estate Leasing	Restaurant Operations	Elimination or corporate	Total
Amortization for the period	23,458	–	–	–	23,458
Balance at end of period	148,405	–	–	–	148,405

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)	FY3/25 (Apr. 1, 2024–Mar. 31, 2025)
Net assets per share	626.27	695.59
Net income per share	78.19	83.18

Notes: 1. Diluted net income per share is not stated because there are no dilutive shares.

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

(Thousands of yen, unless otherwise noted)

	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)	FY3/25 (Apr. 1, 2024–Mar. 31, 2025)
Net income per share		
Profit attributable to owners of parent	433,809	461,479
Amounts not available to common shareholders	–	–
Profit attributable to common shareholders of parent	433,809	461,479
Average number of common shares during the period (Shares)	5,547,993	5,547,898

Subsequent Events

Not applicable.

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 to be 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 to 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 at the Annual General Meeting of Shareholders	June 27, 2024
(3) Final date for statement of objection by creditors	September 24, 2024
(4) Effective date for capital reduction	October 1, 2024

4. Outlook

As this 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 Combinations

Business Combination through Acquisition

1. Summary of Business Combination

(1) Name and business of acquired entities

(i) Ichie-Juku Co., Ltd.

Name of acquired entity: 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 entity: 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 entity

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 entity

SEIGAKUSHA acquired shares for consideration in cash.

2. Period during which the acquired entities' results were included in the consolidated financial statements

- (i) Ichie-Juku Co., Ltd.
June 1, 2024 to March 31, 2025
- (ii) PYGMALION ACADEMIA Co., Ltd.
July 1, 2024 to October 31, 2024

3. Acquisition costs of acquired entities and breakdown by type of consideration

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

Consideration for acquisition	Cash	182 million yen
Acquisition cost		182 million yen
- (ii) 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

*Transactions under Common Control**Absorption-type merger between consolidated subsidiaries*

1. Outline of the transaction

(1) Name and business of constituent entities

(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 entity

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. Overview of accounting treatments applied

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.