

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2026
(Three Months Ended June 30, 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 payment of dividends: –
 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 Three Months Ended June 30, 2025 (April 1, 2025– June 30, 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	%
Three months ended Jun. 30, 2025	2,796	9.7	(554)	–	(559)	–	(387)	–
Three months ended Jun. 30, 2024	2,548	7.8	(512)	–	(506)	–	(314)	–

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2025: (388) (–%)

Three months ended Jun. 30, 2024: (316) (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2025	(69.88)	–
Three months ended Jun. 30, 2024	(56.65)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2025	8,509	3,418	40.2
As of Mar. 31, 2025	9,472	3,859	40.7

Reference: Equity (million yen) As of Jun. 30, 2025: 3,418 As of Mar. 31, 2025: 3,859

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2025	–	9.50	–	9.50	19.00
Fiscal year ending Mar. 31, 2026	–				
Fiscal year ending Mar. 31, 2026 (forecast)		11.00	–	11.00	22.00

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

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

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly added: – Excluded: –

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

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

As of Jun. 30, 2025:	5,876,000 shares	As of Mar. 31, 2025:	5,876,000 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2025:	328,102 shares	As of Mar. 31, 2025:	328,102 shares
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3) Average number of shares during the period

Three months ended Jun. 30, 2025:	5,547,898 shares	Three months ended Jun. 30, 2024:	5,547,898 shares
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* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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., (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, Etc.

(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 quarter were 2,796 million yen, 9.7% higher than for the same period of the previous fiscal year, while operating loss was 554 million yen, compared with operating loss of 512 million yen in the same period of the previous fiscal year; ordinary loss was 559 million yen, compared with ordinary loss of 506 million yen in the same period of the previous fiscal year, and loss attributable to owners of parent was 387 million yen, compared with a loss of 314 million yen for the same period of the previous fiscal year.

There is usually an operating loss for the first quarter of each fiscal year. This is mainly because the first quarter has a small number of entrance exam preparation students, which are a key source of earnings, and no seminars and special classes, which have a high profit margin.

Business segment performance was as follows.

1) Education services

Sales in entrance exam preparation schools category increased mainly thanks to an increase in the number of students in the individual tutoring category, and contribution of Ichie-Juku Co., Ltd., which became a consolidated subsidiary in June last year, in the class teaching category. In the nursery school category, sales increased due to the increased subsidy associated with revised official prices. In the other education service category, sales increased due to the increased number of students at Kaisei Academy Japanese Language School, as well as increased advertising orders from schools taken by a subsidiary.

Meanwhile, expenses increased mainly because of higher personnel expenses resulting from the increase in the number of students, improved compensation for employees, higher advertising and marketing expenses resulting from the implementation of advertising to increase student enrollment ahead of last year's schedule, and an increase in rent due to an increase in the number of classrooms and an increase in classroom floor space.

Consequently, segment sales increased 9.9% from one year earlier to 2,770 million yen and segment loss (operating loss) was 545 million yen, compared with segment loss (operating loss) of 500 million yen for the same period of the previous fiscal year.

2) Real estate leasing

Segment sales decreased 4.2% from one year earlier to 9 million yen while segment profit (operating profit) decreased 5.2% to 4 million yen due to a decrease in the number of tenants.

3) Restaurant operations

Although the average spending per customer increased, due to the sluggish growth of the number of dinner customers, segment sales decreased 4.0% from one year earlier to 16 million yen and segment loss (operating loss) was 1 million yen, compared with segment loss (operating loss) of 1 million yen for the same period of the previous fiscal year.

(2) Financial Position

Total assets at the end of the first quarter of the current fiscal year decreased by 963 million yen, or 10.2%, from the end of the previous fiscal year to 8,509 million yen. Current assets decreased by 1,188 million yen, or 30.9%, from the end of the previous fiscal year to 2,659 million yen. This was attributable mainly to decreases of 793 million yen in cash and deposits, 350 million yen in accounts receivable and contract assets, and 54 million yen in accounts receivable-other included in other of current assets. Non-current assets increased by 225 million yen, or 4.0%, from the end of the previous fiscal year to 5,849 million yen. This was mainly attributable to increases of 184 million yen in deferred tax assets included in other of investments and other assets, and 46 million yen in buildings and structures, net.

Total liabilities decreased by 522 million yen, or 9.3%, from the end of the previous fiscal year to 5,091 million yen. Current liabilities decreased by 365 million yen, or 10.5%, from the end of the previous fiscal year to 3,112 million yen. This was attributable mainly to decreases of 138 million yen in provision for bonuses, 77 million yen in advances received, 74 million yen in income taxes payable, and 64 million yen in accounts payable-trade. Non-current liabilities decreased by 156 million yen, or 7.3%, from the end of the previous fiscal year to 1,978 million yen. This was attributable mainly to a decrease of 172 million yen in long-term borrowings.

Net assets decreased by 440 million yen, or 11.4%, from the end of the previous fiscal year to 3,418 million yen. This was attributable mainly to a decrease of 440 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, 2026 that we announced on May 15, 2025.

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)	
	FY3/25 (As of Mar. 31, 2025)	First quarter of FY3/26 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	2,177,739	1,384,261
Accounts receivable and contract assets	1,239,750	889,372
Merchandise	48,638	35,177
Supplies	8,465	11,348
Other	380,991	349,192
Allowance for doubtful accounts	(7,527)	(10,156)
Total current assets	3,848,057	2,659,194
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,787,171	4,878,264
Accumulated depreciation	(2,158,769)	(2,203,326)
Buildings and structures, net	2,628,402	2,674,937
Land	1,107,259	1,107,259
Other	1,018,015	1,037,988
Accumulated depreciation	(763,684)	(777,390)
Other, net	254,330	260,597
Total property, plant and equipment	3,989,991	4,042,794
Intangible assets		
Goodwill	148,405	141,490
Other	171,439	168,787
Total intangible assets	319,844	310,278
Investments and other assets		
Guarantee deposits	973,450	971,026
Other	341,158	525,886
Total investments and other assets	1,314,609	1,496,913
Total non-current assets	5,624,445	5,849,986
Total assets	9,472,503	8,509,181

	(Thousands of yen)	
	FY3/25	First quarter of FY3/26
	(As of Mar. 31, 2025)	(As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	141,794	77,018
Current portion of long-term borrowings	808,508	767,757
Income taxes payable	85,511	10,994
Advances received	857,710	779,944
Provision for bonuses	206,154	67,206
Other	1,378,872	1,409,779
Total current liabilities	3,478,552	3,112,700
Non-current liabilities		
Long-term borrowings	1,470,359	1,298,320
Retirement benefit liability	9,408	9,181
Asset retirement obligations	542,308	553,131
Other	112,825	117,696
Total non-current liabilities	2,134,901	1,978,330
Total liabilities	5,613,454	5,091,030
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	313,457	313,457
Retained earnings	3,723,413	3,283,005
Treasury shares	(265,687)	(265,687)
Total shareholders' equity	3,871,183	3,430,775
Accumulated other comprehensive income		
Foreign currency translation adjustment	(12,134)	(12,625)
Total accumulated other comprehensive income	(12,134)	(12,625)
Total net assets	3,859,048	3,418,150
Total liabilities and net assets	9,472,503	8,509,181

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

	(Thousands of yen)	
	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)
Net sales	2,548,519	2,796,419
Cost of sales	2,489,542	2,676,483
Gross profit	58,976	119,935
Selling, general and administrative expenses	571,621	674,041
Operating loss	(512,645)	(554,105)
Non-operating income		
Interest income	169	86
Commission income	2,297	2,086
Foreign exchange gains	4,683	–
Other	6,748	1,280
Total non-operating income	13,898	3,454
Non-operating expenses		
Interest expenses	6,157	5,551
Loss on cancellation of guarantee deposits	–	2,039
Other	2,089	1,680
Total non-operating expenses	8,247	9,271
Ordinary loss	(506,993)	(559,922)
Extraordinary income		
Gain on sale of non-current assets	149	–
Gain on sale of golf club membership	161	–
Gain on sale of businesses	2,363	8,909
Total extraordinary income	2,675	8,909
Extraordinary losses		
Impairment losses	749	9,882
Total extraordinary losses	749	9,882
Loss before income taxes	(505,067)	(560,895)
Income taxes-current	6,898	10,910
Income taxes-deferred	(197,700)	(184,102)
Total income taxes	(190,802)	(173,192)
Loss	(314,265)	(387,703)
Loss attributable to owners of parent	(314,265)	(387,703)

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

	(Thousands of yen)	
	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun. 30, 2025)
Loss	(314,265)	(387,703)
Other comprehensive income		
Foreign currency translation adjustment	(2,552)	(490)
Total other comprehensive income	(2,552)	(490)
Comprehensive income	(316,817)	(388,193)
Comprehensive income attributable to:		
Owners of parent	(316,817)	(388,193)
Non-controlling interests	—	—

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First three months of FY3/25 (Apr. 1, 2024–Jun. 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 quarterly consolidated statement of income (Note 2)
	Education Services	Real Estate Leasing	Restaurant Operations	Total		
Net sales						
Entrance exam preparation schools	2,018,134	–	–	2,018,134	–	2,018,134
Nursery schools	337,211	–	–	337,211	–	337,211
Other education services	165,898	–	–	165,898	–	165,898
Restaurant	–	–	17,009	17,009	–	17,009
Revenue from contracts with customers	2,521,244	–	17,009	2,538,254	–	2,538,254
Other revenue	–	10,265	–	10,265	–	10,265
External sales	2,521,244	10,265	17,009	2,548,519	–	2,548,519
Inter-segment sales and transfers	600	5,230	–	5,830	(5,830)	–
Total	2,521,844	15,496	17,009	2,554,350	(5,830)	2,548,519
Segment profit (loss)	(500,454)	4,896	(1,195)	(496,752)	(15,892)	(512,645)

Notes: 1. The minus 15,892 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 loss 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 three months of FY3/25 was 749 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. The goodwill amount increased by 85,019 thousand yen in the first three months of FY3/25 as a result of acquiring shares.

II. First three months of FY3/26 (Apr. 1, 2025– Jun. 30, 2025)

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	2,179,016	–	–	2,179,016	–	2,179,016
Nursery schools	386,537	–	–	386,537	–	386,537
Other education services	204,699	–	–	204,699	–	204,699
Restaurant	–	–	16,328	16,328	–	16,328
Revenue from contracts with customers	2,770,253	–	16,328	2,786,581	–	2,786,581
Other revenue	–	9,837	–	9,837	–	9,837
External sales	2,770,253	9,837	16,328	2,796,419	–	2,796,419
Inter-segment sales and transfers	–	5,160	–	5,160	(5,160)	–
Total	2,770,253	14,997	16,328	2,801,579	(5,160)	2,796,419
Segment profit (loss)	(545,537)	4,640	(1,823)	(542,720)	(11,385)	(554,105)

Notes: 1. The minus 11,385 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 loss 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 three months of FY3/26 was 9,882 thousand yen.

Notes to the Quarterly Consolidated Statement of Cash Flows

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

(Thousands of yen)

	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)	First three months of FY3/26 (Apr. 1, 2025–Jun.30, 2025)
Depreciation	87,927	95,794
Amortization of goodwill	2,340	6,914

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.