



Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2025 (Under Japanese GAAP)

October 30, 2025

Company name: STEP Co.,Ltd.

Listing: Tokyo Stock Exchange

Securities code: 9795

URL: <https://www.stepnet.co.jp/>

Representative: Yousuke Endou, Director and President

Inquiries: Noriaki Arai, Director and Managing Executive Officer

Telephone: +81-466-20-8000

Scheduled date of annual general meeting of shareholders: December 13, 2025

Scheduled date to commence dividend payments: December 16, 2025

Scheduled date to file annual securities report: December 10, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the fiscal year ended September 30, 2025 (from October 1, 2024 to September 30, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	15,846	5.0	3,780	7.7	3,865	8.5	2,689	7.2
September 30, 2024	15,098	4.5	3,511	10.0	3,564	10.5	2,508	4.3

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2025	170.35	—	10.0	12.9	23.9
September 30, 2024	155.59	—	9.6	12.3	23.3

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended September 30, 2025: ¥ -million

For the fiscal year ended September 30, 2024: ¥ -million

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2025	30,571	27,422	89.7	1,738.76
September 30, 2024	29,260	26,236	89.7	1,651.45

Reference: Equity As of September 30, 2025: ¥ 27,422 million

As of September 30, 2024: ¥ 26,236 million

(3) Non-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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2025	3,382	(3,193)	(2,020)	7,579
September 30, 2024	3,383	(937)	(2,498)	9,410

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2024	—	37.00	—	40.00	77.00	1,234	49.5	4.7
Fiscal year ended September 30, 2025	—	40.00	—	45.00	85.00	1,342	49.9	4.9
Fiscal year ending September 30, 2026 (Forecast)	—	44.00	—	44.00	88.00		49.9	

3. Non-consolidated financial results forecast for the fiscal year ending September 30, 2026(October 1, 2025 to September 30, 2026)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	8,396	2.9	2,400	2.0	2,444	1.9	1,694	2.5	108.07
Full year	16,494	4.1	3,942	4.3	4,022	4.0	2,754	2.4	176.51

* Notes:

(1) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: Yes
- (iv) Restatement: None

(2) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2025	16,670,000 shares
As of September 30, 2024	16,670,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2025	898,671 shares
As of September 30, 2024	782,838 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended September 30, 2025	15,789,185 shares
Fiscal year ended September 30, 2024	16,123,049 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that from the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to “1. Overview of Operating Results, etc. (4) Future outlook” on page 6 of this report.

Annual financial results briefing sessions for institutional investors and analysts is planned to be held on November 13, 2025.

Table of Contents of Appendix

1. Overview of Operating Results, etc.	2
(1) Summary of operating results for the current fiscal year	2
(2) Summary of financial condition in the current fiscal year	4
(3) Summary of cash flow in the current fiscal year	5
(4) Future outlook	6
2. Basic Policies regarding the Selection of Accounting Standards	6
3. Non-consolidated Financial Statements	7
(1) Non-consolidated Balance Sheets	7
(2) Non-consolidated Statements of Income	9
(3) Non-consolidated Statements of Changes in Equity	11
(4) Non-consolidated Statements of Cash Flows	13
(5) Notes to Non-consolidated Financial Statements	14
(Notes on going concern assumption)	14
(Notes on changes in presentation).....	14
(Changes in accounting estimates)	14
(Segment information, etc.)	14
(Equity in earnings of affiliated companies, etc.)	14
(Per share information)	14
(Significant subsequent events)	15
4. Segment sales	15

1. Overview of Operating Results, etc.

(1) Summary of operating results for the current fiscal year

In this term, too, the number of students kept increasing, reaching 36,744 at the end of September 2025. The average number of students in this term was 35,126, up 4.3% year on year, exceeding 35,000 for the first time. Moreover, the fourth quarter (July to September) coincided with the summer courses (late July to late August). Many students joined in September after the summer courses in this year, too. So, the number of students as of the end of September increased by 1,528 (4.3%) compared with June at the end of the third quarter.

Looking at the average number of students by grade, all grades from the fifth grade of elementary school to the third grade of high school, the grades targeted by the high school entrance examination course and university entrance examination course and which accounts for the majority of our total enrollment, increased compared with the previous fiscal year. In particular, the average number of 5th- and 6th-grade elementary school students rose by 10.5% year on year. One key factor behind the continued growth in the number of elementary school students is that many tutoring schools are already fully booked for certain junior high school grades. This has led families in those areas to enroll their children earlier while they are still in elementary school, in order to secure a spot in advance. In addition, in the background is the increasing need for learning with additional value to be gained after entering junior high school in households planning to have their children enter public junior high schools amid intensifying competition with private junior high schools in the Tokyo metropolitan area.

In the after-school care course, the average number of students during the period increased 20.3% year on year.

We positioned the current fiscal year as a period to enhance our teaching and limited the number of new openings to two; specifically one in the high school entrance examination course and one in the after-school care course. We will not be able to achieve our pillar of high-quality classes overnight. We can only achieve this by investing time and energy into teacher training. We have proceeded with this policy based on our desire to focus on strengthening our teaching so that we can continue to grow even in an increasingly competitive environment due to the declining birthrate through the controlled expansion of our school network.

Despite the above-mentioned restraint on new openings, the number of students during the period was healthy as mentioned above and exceeded 35,000 for the first time. This was due to the improved rate of attendance at existing schools and an increase in the number of students by offering additional classes for grades full to capacity. Achieving both enrollment growth and a higher operating profit while limiting new openings is a highly meaningful outcome for us.

The results of entrance exams this spring were favorable, which helped to increase student recruitment.

In the high school entrance examination course, 1,367 students passed the entrance exams for the 8 preparatory schools in Kanagawa that are particularly focused on improving academic performance (Yokohama-Suiran, Shonan, Hakuyo, Tama, Atsugi, Kawawa, Yokohama-Midorigaoka, and Odawara high schools) (up 47 students from 1,320 students in the previous fiscal year), and the number of STEP students who passed the entrance exam was the largest for 7 out of the 8 schools among all the tutoring schools. Furthermore, STEP students accounted for 52.7% (over half) of all of the students who passed the entrance exams for the above 8 preparatory schools.

Especially, at Tama High School in Kawasaki City—a school designated as a preparatory school that is particularly focused on improving academic performance—the number of STEP students who passed the entrance exam reached 113, making us the top-ranked tutoring school for the first time in terms of successful applicants. Kawasaki City is an area where we have been actively opening new schools in recent years, and while it is still a developing market for us, achieving the highest number of STEP students who passed the entrance exam at this stage is expected to further accelerate STEP's growth and presence in the region.

As for the national high school entrance exam, the record-high number of 223 students passed the exam at Tokyo Gakugei University Senior High School, which is a co-ed national high school and has the most difficult entrance exam among the schools within the school commuting area for our students (excluding returnees and internal admissions.) 192 passers, excluding waitlisted applicants, account for 50.8% of a total of 378 students who passed

the exam. We have the largest number of students who passed the school among all tutoring schools for 17 consecutive years.

The university entrance examination course (for high school students) was successful also this spring. We were able to pass 21 students for the University of Tokyo, 3 students for Kyoto University, 14 students for Hitotsubashi University, and 29 students for Institute of Science Tokyo. In addition, 12 students also passed the Medical Faculty/Department of national and public universities, and the number of students passing the entrance exams for all national and public universities reached 410 (up 56 students from 354 students in the previous fiscal year), renewing a record high also this spring. Besides, in terms of private universities, the number of students who passed the entrance exams at Waseda University, Keio University and Sophia University was 668 (up 74 students from 594 students in the previous fiscal year) and the number for the so-called Ridai MARCH (Tokyo University of Science, Meiji, Aoyama Gakuin, Rikkyo, Chuo, and Hosei) was 2,352 (up 133 students from 2,219 students in the previous fiscal year). Those were both record highs again following the previous fiscal year.

Most of these pass results are achieved by public high school students in Kanagawa, which is one of our characteristic aspects of successful university entrance exams. 63 out of 67 students admitted to the University of Tokyo, Kyoto University, Hitotsubashi University, and Institute of Science Tokyo were from public high schools. It is generally considered that public high schools tend to be inferior to private high schools in their pass results in the Tokyo metropolitan area. However, because we built a certain study system and structure for entrance exams, the number of public high school students who passed the first-choice universities was able to be increased. The successful results achieved every year can be proved to be very meaningful for us.

In the after-school care course, student recruitment at each class remained strong, so total enrollment, which reached 500 students in March 2024, exceeded 600 in March 2025. Its average in the fiscal year showed a 20.3% year-on-year increase. In particular, Shonan School and Tsujido School in Fujisawa City are at full capacity across many grades. In addition, we opened Shonandai School in March. This is our fifth STEP Kids school. It is currently accepting 1st and 2nd grade elementary school students only in its first year. Nevertheless, it is off to a good start.

While refining this rich and diverse content, each school will accumulate, share and standardize their operational know-how to build a foundation for future expansion of the after-school care course throughout the prefecture.

We opened Hi-STEP Hiratsuka School (Hiratsuka Station on the JR Line) in March for the high school entrance examination course. We already have five schools in Hiratsuka City. However, this was the first time we opened a Hi-STEP school for students aiming to attend elite national, public and private schools in Hiratsuka, Oiso, and Ninomiya districts. We plan to further strengthen our prefectural combined junior and high school preparatory course for fifth and sixth grade elementary school students aiming to attend Kanagawa Prefectural Hiratsuka Secondary School by opening this Hi-STEP school.

In the after-school care course, we opened STEP Kids Shonandai School mentioned above (Shonandai Station on the Odakyu Line, Sotetsu Line and Yokohama Municipal Subway) in March. We plan to recruit first and second grade elementary school students in the initial year, third grade elementary school students in the second year and fourth grade elementary school students in the third year. This means classes for all four grades targeted by STEP Kids will be in place two years after opening.

Moreover in late March, we relocated Hi-STEP Yokohama Minami School (Gumyoji Station on the Yokohama Municipal Subway) to Kamiooka, the neighboring station. We renamed the school Hi-STEP Kamiooka School. We decided to relocate to Kamiooka, where it will be easy for current students to commute and where we can expect to recruit even more elementary and junior high school students, in light of the aging population of the area and the deteriorating facilities. Kamiooka School for the STEP high school entrance examination course is also doing well in Kamiooka. We can also expect a synergistic effect with the existing school by opening in the building two doors down.

In late July, we relocated Seya School (Seya Station on the Sotetsu Line) to the fourth floor of a newly

constructed building in the vicinity of the station. By moving into a larger space, we became able to add classes particularly for grades full to capacity (5th grade in elementary school through 2nd grade in junior high school) and admit students who had long been on the waiting list.

Last December, we expanded the floor space at Hi-STEP Yokohama School and STEP Yokohama School for the university entrance examination course. Going forward, we will continue to increase floor space of or relocate capacity-constrained schools and strengthen our capacity to admit students on an ongoing basis, so that we can proactively accommodate prospective students.

In January 2026, we will adopt a new “Student Loan Repayment Support (Proxy Repayment) Program.” Under this program, for employees who used Japan Student Services Organization (JASSO) loans while in school, our company will repay those loans to JASSO on their behalf. In FY 2024, 30.4% of students in Japan (about one in 3.3) received JASSO loans. To lessen the financial and psychological burden on eligible employees, we have adopted this as part of our benefits package. The program applies to regular employees across employees fresh out of college, mid-career hires, and current staff. For approved applicants, we will make proxy repayments of 20,000 yen per month, up to 60 installments (a maximum of 1.2 million yen). We expect this to support the securing of motivated talent in future recruitment.

In addition, in order to streamline administrative operations including tuition collection, we have been fully rebuilding our mission-critical system. We had planned to launch the new system in January 2025, but development delays have pushed the launch to the fiscal year ending September 2026 or later. As a result, system-related expenses of 126 million yen planned for recognition in the fiscal year under review were not recorded, and the results exceeded the forecast.

We recorded net sales of 15,846 million yen (up 5.0% year on year), operating profit of 3,780 million yen (up 7.7% year on year), ordinary profit of 3,865 million yen (up 8.5% year on year), and net profit of 2,689 million yen (up 7.2% year on year).

The number of students and net sales by business segment are as follows.

(High school entrance examination course)

The average number of students during the period was 28,787 (up 4.3% year on year) and net sales were 12,520 million yen (up 4.6% year on year).

(University entrance examination course)

The average number of students during the period was 6,339 (up 4.3% year on year) and net sales were 3,326 million yen (up 6.5% year on year).

(2) Summary of financial condition in the current fiscal year

(Assets)

Total assets at the end of the fiscal year under review stood at 30,571 million yen, an increase of 1,310 million yen from the end of the previous fiscal year.

Current assets decreased 1,668 million yen from the end of the previous fiscal year to 8,588 million yen because of a decrease in cash and deposits, despite an increase in deposit for acquisition of treasury shares.

Non-current assets increased 2,978 million yen from the end of the previous fiscal year to 21,982 million yen, mainly due to an increase in investment securities.

(Liabilities)

Liabilities at the end of the fiscal year under review amounted to 3,148 million yen, an increase of 124 million yen from the end of the previous fiscal year.

Current liabilities decreased 5 million yen from the end of the previous fiscal year to 2,369 million yen, mainly due to a decrease in current portion of long-term borrowings.

Non-Current liabilities increased 130 million yen from the end of the previous fiscal year to 778 million yen, mainly due to an increase in asset retirement obligations.

(Net assets)

Net assets at the end of the fiscal year under review increased 1,185 million yen from the end of the previous fiscal year to 27,422 million yen, mainly due to the recording of net profit despite the payment of dividends.

As a result, the equity ratio was at 89.7%, unchanged from the end of the previous fiscal year.

(3) Summary of cash flow in the current fiscal year

The status of cash flows and their factors for the current fiscal year are as follows.

Cash and cash equivalents (hereinafter referred to as "cash") were 7,579 million yen, a decrease of 1,830 million yen (down 19.5% year on year).

(Cash flows from operating activities)

Net cash provided by operating activities was 3,382 million yen (down 0.0% year on year).

This was mainly attributable to income before income taxes of 3,865 million yen, depreciation and amortization of 518 million yen, which were offset by income taxes paid of 1,167 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 3,193 million yen (up 240.6% year on year).

This was mainly due to the purchase of investment securities of 2,907 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,020 million yen (down 19.1% year on year).

This was mainly attributable to purchase of treasury shares of 465 million yen and cash dividends paid of 1,267 million yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2025
Equity ratio (%)	85.4	89.9	90.6	89.7	89.7
Market value equity ratio (%)	118.8	107.0	98.8	105.0	129.1
Cash flow to interest-bearing liabilities ratio (years)	0.4	0.1	0.1	0.1	0.0
Interest coverage ratio (times)	1,376.7	3,700.5	5,285.8	7,916.3	4,355.5

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Cash flow to interest-bearing liabilities ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest expenses paid

(Notes 1) Market capitalization is calculated based on the number of shares issued excluding treasury stock.

(Notes 2) Cash flow from operating activities is used for cash flow.

(Notes 3) Interest-bearing debt includes all debt reported on the non-consolidated balance sheets on which interest is paid.

(4) Future outlook

In the fiscal year under review, we have restrained new openings while focusing on strengthening internal systems, raising the rate of attendance to increase the number of students and sustaining growth. This approach was a challenge for us, but at this stage, we are seeing favorable results in both the number of students and operating profit. This has provided an important lesson for our future growth model. In the cram-school industry, expanding scale without talent development would degrade educational and operational quality. In this respect, seeing the potential to advance growth without overreliance on opening new schools by improving our track record and reputation through strengthened internal systems and by raising the rate of attendance has been a valuable insight for us.

Accordingly, we intend to alternate between a phase for expanding scale by opening new schools and so on and a phase for strengthening internal systems, so that we can continue to grow while maintaining educational and operational quality. For the next fiscal year, based on this year's success, we will continue to take a restrained approach to new openings, concentrate on internal system development, and operate business while considering the next fiscal year as a period to admit more students by adding classes at fully enrolled schools or to raise the rate of attendance. By alternating these two phases every few years, we aim to establish a steady growth path for our company amid the declining birthrate.

In the mid-term, our challenge is to form a network in Kawasaki City, which has the most student-age population next to Yokohama City in Kanagawa Prefecture, and also a school network in the eastern, coastal, and southern areas in Yokohama City such as Tsurumi Ward, Naka Ward, Minami Ward, and Kanazawa Ward, where we have not been able to operate our business sufficiently.

To strategically focus on Kawasaki City and Yokohama City, where there is still much room for opening schools, and form a strong school network, we would like to further increase the number of students who passed the entrance exams for highly regarded public schools with excellent results of elite university entrance exams. That includes Yokohama-Suiran High School in the Yokohama area and Tama High School, for which we ranked number one for the first time this year in terms of the number of passers among all tutoring school, in the Kawasaki area. To achieve that, we will continue to strengthen our teaching to develop students' abilities. We will also continue to work hard to be even more strongly recognized as a top brand praised for improving academic performance and achieving good pass results.

2. Basic Policies regarding the Selection of Accounting Standards

We prepare our financial statements in accordance with Japanese GAAP because we do not engage in overseas business development or procurement of funds.

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	9,674,288	7,844,335
Accounts receivable-trade	95,339	95,400
Inventories	36,703	37,657
Prepaid expenses	299,478	322,641
Other	151,355	288,965
Allowance for doubtful accounts	(381)	(352)
Total current assets	10,256,783	8,588,647
Non-current assets		
Property, plant and equipment		
Buildings	14,432,283	14,807,880
Accumulated depreciation and impairment loss	(7,220,266)	(7,601,712)
Buildings, net	7,212,017	7,206,168
Structures	339,057	339,758
Accumulated depreciation and impairment loss	(265,296)	(273,613)
Structures, net	73,761	66,144
Machinery and equipment	168,976	180,176
Accumulated depreciation	(126,523)	(139,247)
Machinery and equipment, net	42,452	40,929
Vehicles	21,838	24,254
Accumulated depreciation	(21,648)	(23,081)
Vehicles, net	190	1,172
Tools, furniture and fixtures	332,310	341,291
Accumulated depreciation and impairment loss	(248,510)	(279,818)
Tools, furniture and fixtures, net	83,799	61,472
Land	8,616,896	8,616,896
Total property, plant and equipment	16,029,118	15,992,784
Intangible assets		
Telephone subscription right	72	72
Other	118,630	123,170
Total intangible assets	118,703	123,243
Investments and other assets		
Investment securities	1,766,356	4,700,119
Long-term loans receivable	4,663	3,139
Long-term prepaid expenses	142,923	223,410
Deferred tax assets	279,703	277,066
Guarantee deposits	661,570	662,208
Other	450	450
Total investments and other assets	2,855,668	5,866,395
Total non-current assets	19,003,489	21,982,422
Total assets	29,260,273	30,571,070

(Thousands of yen)

	As of September 30, 2024	As of September 30, 2025
Liabilities		
Current liabilities		
Current portion of long-term borrowings	136,436	70,836
Lease obligations	18,905	17,462
Accounts payable-other	167,593	181,664
Accrued expenses	331,346	340,460
Income taxes payable	705,497	715,129
Accrued consumption taxes	269,672	258,278
Advances received	365,337	388,550
Deposits received	234,569	272,681
Unearned revenue	3,347	3,259
Provision for bonuses	104,665	105,239
Other	38,527	16,398
Total current liabilities	2,375,898	2,369,961
Non-current liabilities		
Long-term borrowings	104,164	33,328
Lease obligations	36,027	20,621
Provision for retirement benefits for directors	129,800	129,800
Asset retirement obligations	363,361	580,972
Other	14,207	13,753
Total non-current liabilities	647,560	778,475
Total liabilities	3,023,458	3,148,436
Net assets		
Shareholders' equity		
Share capital	1,778,330	1,778,330
Capital surplus		
Legal capital surplus	1,851,330	1,851,330
Other capital surplus	287,136	323,082
Total capital surplus	2,138,466	2,174,412
Retained earnings		
Legal retained earnings	137,027	137,027
Other retained earnings		
General reserve	97,800	97,800
Retained earnings brought forward	23,515,880	24,937,235
Total retained earnings	23,750,707	25,172,062
Treasury shares	(1,438,020)	(1,716,500)
Total shareholders' equity	26,229,483	27,408,304
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,330	14,329
Total valuation and translation adjustments	7,330	14,329
Total net assets	26,236,814	27,422,634
Total liabilities and net assets	29,260,273	30,571,070

(2) Non-consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2025
Net sales	15,098,935	15,846,886
Cost of sales	10,713,954	11,145,428
Gross profit	4,384,981	4,701,458
Selling, general and administrative expenses		
Advertising expenses	115,693	96,111
Provision of allowance for doubtful accounts	36	382
Remuneration for directors	106,496	121,576
Salaries and allowances	159,421	163,641
Bonuses	41,556	38,937
Provision for bonuses	2,588	2,738
Retirement benefit expenses	4,230	4,635
Welfare expenses	39,271	41,600
Depreciation	20,751	13,919
Commission expenses	97,025	113,895
Taxes and dues	152,687	157,718
Other	133,751	166,178
Total selling, general and administrative expenses	873,510	921,337
Operating profit	3,511,470	3,780,121
Non-operating income		
Interest income	328	4,014
Interest on securities	8,769	19,197
Rental income from buildings	107,654	105,629
Subsidy income	25,971	22,092
Other	8,169	38,875
Total non-operating income	150,894	189,811
Non-operating expenses		
Interest expenses	381	811
Rental expenses	80,432	96,665
Settlement payments	12,000	—
Other	5,522	6,559
Total non-operating expenses	98,336	104,037
Ordinary profit	3,564,028	3,865,894
Extraordinary loss		
Impairment losses	6,591	—
Total extraordinary loss	6,591	—
Income before income taxes	3,557,436	3,865,894
Income taxes-current	1,073,911	1,176,930
Income taxes-deferred	(25,073)	(714)
Total income taxes	1,048,838	1,176,215
Profit	2,508,598	2,689,679

Schedule of cost of sales

		Fiscal year ended September 30, 2024			Fiscal year ended September 30, 2025		
Class	Note no.	Amount (Thousands of yen)		Composition (%)	Amount (Thousands of yen)		Composition (%)
I .Labor cost							
1. Salaries and allowances		4,821,190			5,074,521		
2. Bonuses		1,375,656			1,275,926		
3. Provision for bonuses		99,653			100,185		
4. Retirement benefit expenses		116,603			121,246		
5. Other		1,188,616	7,601,719	71.0	1,334,810	7,906,690	70.9
II .Cost of teaching materials			578,204	5.4		632,338	5.7
III .Expenses							
1. Supplies expenses		144,765			137,107		
2. Depreciation		447,311			443,115		
3. Rental expenses		1,214,776			1,247,025		
4. Other		727,177	2,534,030	23.7	779,151	2,606,399	23.4
Cost of sales			10,713,954	100.0		11,145,428	100.0

Notes

Cost of sales are expenses for operating schools.

(3) Non-consolidated Statements of Changes in Equity

Previous fiscal year (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings	
						General reserve	Retained earnings brought forward	
Balance at beginning of period	1,778,330	1,851,330	280,529	2,131,859	137,027	97,800	22,389,393	22,624,220
Changes during period								
Dividends of surplus							(1,382,111)	(1,382,111)
Profit							2,508,598	2,508,598
Purchase of treasury shares								
Disposal of treasury shares			6,606	6,606				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	6,606	6,606	—	—	1,126,487	1,126,487
Balance at end of period	1,778,330	1,851,330	287,136	2,138,466	137,027	97,800	23,515,880	23,750,707

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(603,391)	25,931,017	5,029	5,029	25,936,047
Changes during period					
Dividends of surplus		(1,382,111)			(1,382,111)
Profit		2,508,598			2,508,598
Purchase of treasury shares	(1,000,723)	(1,000,723)			(1,000,723)
Disposal of treasury shares	166,095	172,702			172,702
Net changes in items other than shareholders' equity			2,301	2,301	2,301
Total changes during period	(834,628)	298,465	2,301	2,301	300,767
Balance at end of period	(1,438,020)	26,229,483	7,330	7,330	26,236,814

Current fiscal year (from October 1, 2024 to September 30, 2025)

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	1,778,330	1,851,330	287,136	2,138,466	137,027	97,800	23,515,880	23,750,707
Changes during period								
Dividends of surplus							(1,268,324)	(1,268,324)
Profit							2,689,679	2,689,679
Purchase of treasury shares								
Disposal of treasury shares			35,946	35,946				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	35,946	35,946	—	—	1,421,354	1,421,354
Balance at end of period	1,778,330	1,851,330	323,082	2,174,412	137,027	97,800	24,937,235	25,172,062

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,438,020)	26,229,483	7,330	7,330	26,236,814
Changes during period					
Dividends of surplus		(1,268,324)			(1,268,324)
Profit		2,689,679			2,689,679
Purchase of treasury shares	(465,545)	(465,545)			(465,545)
Disposal of treasury shares	187,065	223,012			223,012
Net changes in items other than shareholders' equity			6,998	6,998	6,998
Total changes during period	(278,479)	1,178,820	6,998	6,998	1,185,819
Balance at end of period	(1,716,500)	27,408,304	14,329	14,329	27,422,634

(4) Non-consolidated Statements of Cash Flows

	(Thousands of yen)	
	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	3,557,436	3,865,894
Depreciation	527,790	518,342
Increase(decrease) in allowance for doubtful accounts	(59)	(28)
Increase(decrease) in provision for bonuses	5,276	573
Share-based payment expenses	63,080	129,063
Interest and dividends income	(9,787)	(33,202)
Interest expenses	381	811
Subsidy income	(25,971)	(22,092)
Settlement payments	12,000	—
Decrease(increase) in trade receivables	(9,740)	(289)
Decrease(increase) in inventories	1,058	(953)
Decrease(increase) in prepaid expenses	(68,222)	(68,663)
Increase(decrease) in accounts payable- other	49,233	1,868
Increase(decrease) in advances received	29,428	15,212
Increase(decrease) in accrued expenses	(51,719)	9,114
Other, net	44,452	83,059
Subtotal	4,124,636	4,498,711
Interest and dividends received	10,900	29,977
Interest paid	(427)	(776)
Subsidies received	26,353	22,849
Settlement paid	(12,000)	—
Income taxes paid	(766,290)	(1,167,782)
Net cash provided by (used in) operating activities	3,383,172	3,382,978
Cash flows from investing activities		
Payments into time deposits	(257,201)	(257,256)
Proceeds from withdrawal of time deposits	257,197	257,201
Purchase of property, plant and equipment	(248,231)	(274,219)
Purchase of intangible assets	(61,824)	(12,249)
Purchase of investment securities	(600,000)	(2,907,970)
Proceeds from collection of loans receivable	2,428	1,653
Payments for leasehold and guarantee deposits	(29,678)	(13,480)
Proceeds from refund of leasehold and guarantee deposits	10,544	13,037
Other, net	(10,775)	(24)
Net cash provided by (used in) investing activities	(937,541)	(3,193,306)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,000	—
Repayments of long-term borrowings	(104,700)	(136,436)
Repayments of finance lease obligations	(19,046)	(19,230)
Purchase of treasury shares	(1,000,723)	(465,545)
Decrease(increase) in deposit for acquisition of treasury shares	(93,290)	(131,761)
Dividends paid	(1,380,816)	(1,267,515)
Net cash provided by(used in) financing activities	(2,498,577)	(2,020,489)
Net increase(decrease) in cash and cash equivalents	(52,946)	(1,830,816)
Cash and cash equivalents at beginning of period	9,463,403	9,410,457
Cash and cash equivalents at end of period	9,410,457	7,579,640

(5) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on changes in presentation)

(Non-consolidated Statements of Income)

Interest on securities, which was included in “other” under non-operating income in the previous non-consolidated fiscal year, is separately stated from the non-consolidated fiscal year under review because it exceeded 10% of the total amount of non-operating income. To reflect this change in the presentation method, the non-consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥16,939 thousand presented as “other” under non-operating income in the non-consolidated statements of income for the previous fiscal year has been reclassified as interest on securities of ¥8,769 thousand, “other” of ¥8,169 thousand.

(Changes in accounting estimates)

(Changes in estimates of asset retirement obligations)

During the current fiscal year, as a result of the acquisition of the recent information on restoration costs, the Company changed its estimates for expected restoration costs and expected usage period with respect to asset retirement obligations which it had recognized as restoration obligations arising from the Company's real estate lease agreements. This change in the estimate increases the balance of asset retirement obligations by ¥203,489 thousand.

This has no effect on the profit and loss.

(Segment information, etc.)

【Segment information】

Description is omitted because the Company operates in a single segment of cram schools.

(Equity in earnings of affiliated companies, etc.)

There is no relevant information.

(Per share information)

(Yen)

	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2025
Net assets per share	1,651.45	1,738.76
Basic earnings per share	155.59	170.35

Notes:1. Fully diluted profit per share is not stated since the Company does not have residual securities.

2. The basis for calculation

1. The basis for calculation of net assets per share is as follows:

Item	As of September 30, 2024	As of September 30, 2025
Net assets per share		
Total net assets (Thousands of yen)	26,236,814	27,422,634
Amount deducted from the total net assets (Thousands of yen)	—	—
Amount of net assets related to common stock as of the end of the fiscal year (Thousands of yen)	26,236,814	27,422,634
Number of shares of common stock as of the end of the fiscal year (Shares)	15,887,162	15,771,329

2. The basis for calculation of profit per share is as follows:

Item	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2025
Basic earnings per share		
Profit (Thousands of yen)	2,508,598	2,689,679
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit available to common shares (Thousands of yen)	2,508,598	2,689,679
Average number of shares of common shares during the period (Shares)	16,123,049	15,789,185

(Significant subsequent events)

There is no relevant information.

4. Segment sales

Segment	Fiscal year ended September 30, 2024			Fiscal year ended September 30, 2025		
	Number of students	Net sales (Thousands of yen)	Composition (%)	Number of students	Net sales (Thousands of yen)	Composition (%)
Elementary and junior high school section	27,613	11,975,045	79.3	28,787	12,520,864	79.0
High school section	6,079	3,123,889	20.7	6,339	3,326,021	21.0
Total	33,692	15,098,935	100.0	35,126	15,846,886	100.0