



## Non-consolidated Financial Results for the Six Months Ended March 31, 2025 (Under Japanese GAAP)

April 24, 2025

Company name: STEP CO., LTD.  
Listing: Tokyo Stock Exchange  
Securities code: 9795  
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Scheduled date to file semi-annual securities report: May 7, 2025  
Scheduled date to commence dividend payments: May 12, 2025  
Preparation of supplementary material on financial results: Yes  
Holding of financial results briefing: Yes (for institutional investors)

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

### 1. Non-consolidated financial results for the six months ended March 31, 2025 (from October 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2025	8,159	6.0	2,352	5.3	2,398	5.3	1,652	5.5
March 31, 2024	7,700	2.4	2,233	(2.3)	2,276	(1.5)	1,565	(1.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2025	104.28	—
March 31, 2024	96.37	—

### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	29,866	27,121	90.8
September 30, 2024	29,260	26,236	89.7

Reference: Equity

As of March 31, 2025: ¥ 27,121million

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

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2024	—	37.00	—	40.00	77.00
Fiscal year ending September 30, 2025	—	40.00			
Fiscal year ending September 30, 2025 (Forecast)			—	41.00	81.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	15,714	4.1	3,674	4.6	3,709	4.1	2,541	1.3	162.51

Note: Revisions from financial results forecasts announced most recently: None

\*Notes

(1) Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements: None

(2) 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: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 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 March 31, 2025	849,048 shares
As of September 30, 2024	782,838 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2025	15,845,407 shares
Six months ended March 31, 2024	16,248,100 shares

\* Semi-annual financial results reports are exempt from review 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. Qualitative Information on the Quarterly Financial Results (3) Explanation of forward-looking statements including business forecasts” on page 5 of this report.

## Table of Contents of Appendix

1. Qualitative Information on the Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Condition .....	4
(3) Explanation of forward-looking statements including business forecasts .....	5
2. Non-consolidated Interim Financial Statements and Principal Notes .....	6
(1) Non-consolidated Interim Balance Sheets .....	6
(2) Non-consolidated Interim Statements of Income .....	8
(3) Non-consolidated Interim Statements of Cash Flows .....	9
(4) Notes to Non-consolidated Financial Statements .....	10
(Notes on going concern assumption) .....	10
(Notes on significant changes in the amount of shareholders' equity) .....	10
(Segment information, etc.) .....	10
3. Supplementary Information .....	10
(1) Results of production and orders received .....	10
(2) Sales results .....	10

## 1. Qualitative Information on the Quarterly Financial Results

### (1) Explanation of Operating Results

In the second quarter (January-March) of the current fiscal year, the 3rd grade junior high school and high school students took entrance exams. As for the student recruitment, this quarter is the time when new students tend to consider attending the tutoring schools for the new school year.

The results of entrance examinations announced in February and March in the high school entrance examination course (for elementary and junior high school students) and the university entrance examination course (for high school students) were excellent also this spring.

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.

This year, the number of students from STEP who passed the entrance exam for Tama High School in Kawasaki City—a school designated for advanced academic programs—reached 113, surpassing 100 for the first time. We also ranked first among all tutoring schools in terms of the number of students who passed entrance exams. Kawasaki City is an area where we have been actively opening new schools in recent years. Although development is still underway, achieving the top pass rate at this early stage is expected to further accelerate STEP's growth in the region.

Also, for “schools nominated as candidates for schools particularly focused on improving academic performance,” which are top or quasi-top public schools that conduct the special “tokushoku kensa test” (writing test) like the above 8 preparatory schools, the number of STEP students who passed the entrance exam was the largest for 8 out of 10 schools, and a total of 1,222 STEP students (up 35 students from 1,187 students in the previous fiscal year) passed the entrance exams for 10 schools. STEP students accounted for 42.6% of all of the students admitted to the 10 schools.

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, the recruitment of students for each classroom has been progressing in a healthy manner. In particular, Shonan School and Tsujido School have seen a steady increase in reservations for the new school year. Many grades will start the new school year while being full to capacity. In addition, Chigasaki School and Hakuraku School are also seeing an increase in student numbers especially among first and second grade elementary school students. We opened Shonandai School in March. This is our fifth STEP Kids school. It is currently accepting first and second 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 this region. We will ensure this school is easy to commute to for students aiming to attend elite schools in the Hiratsuka district to 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.

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 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.

The situation of student recruitment continues to be strong in each department. In the second quarter of the current fiscal year, the average number of students during the period increased by 4.7% year-on-year.

In the university entrance examination course, 12 out of 15 schools are full for first grade high school students or their remaining capacity is less than five as of the end of March. The majority were students advancing from the high school entrance examination course. This period is also off to a favorable start.

We are preparing to implement a complete update of our core system to improve the efficiency of all our administrative tasks including the collection of tuition fees. We initially expected to begin operating the system in January 2025. However, due to development delays, we have postponed the start of operation to the third quarter onward (when operations will start is currently undecided). As a result, instead of recording the system-related expenses of 85 million yen in the second quarter, we will now record those expenses from the third quarter onward. Accordingly, the results in the second quarter exceeded our plans. Our full-year earnings forecast remains unchanged.

As a result, regarding the financial results for the six months ended March 31, 2025, net sales were 8,159 million yen (up 6.0% year-on-year), operating profit was 2,352 million yen (up 5.3% year-on-year), ordinary profit was 2,398 million yen (up 5.3% year-on-year), and profit was 1,652 million yen (up 5.5% year-on-year).

## (2) Explanation of Financial Condition

### 1) Assets, liabilities and net assets at the end of the first half of the fiscal year under review

#### (Assets)

Total assets at the end of the first half stood at 29,866 million yen, an increase of 606 million yen from the end of the previous fiscal year.

Current assets increased 731 million yen from the end of the previous fiscal year to 10,988 million yen, mainly due to an increase in cash and deposits.

Non-current assets decreased 125 million yen from the end of the previous fiscal year, to 18,878 million yen, mainly due to a decrease in buildings.

#### (Liabilities)

Liabilities at the end of the first half decreased 278 million yen from the end of the previous fiscal year, to 2,744 million yen.

Current liabilities decreased 243 million yen from the end of the previous fiscal year to 2,132 million yen, mainly due to a decrease advance payment.

Non-current liabilities decreased 35 million yen from the end of the previous fiscal year to 612 million yen, mainly from the repayment of long-term borrowings.

#### (Net assets)

Net assets at the end of the first half increased 884 million yen from the end of the previous fiscal year to 27,121 million yen, mainly due to the recording of net income, despite the payment of dividends.

As a result, the equity ratio was 90.8%, up by 1.1 percentage points from the end of the previous fiscal year.

### 2) Summary of cash flows

The status of cash flows and their factors for the first half of the fiscal year under review are as follows.

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first half increased 96 million yen (up 1.0% year-on-year) to 9,790 million yen.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 1,553 million yen (down 15.3% year-on-year).

This was mainly attributable to profit before income taxes of 2,398 million yen, depreciation of 257 million yen, which were offset by increase in trade receivable 169 million yen and income taxes paid of 629 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 161 million yen (down 37.6% year-on-year).

This was mainly due to purchase of property, plant and equipment of 145 million yen.

#### (Cash flows from financing activities)

Net cash used in financing activities was 1,012 million yen (down 24.7% year-on-year).

This was mainly attributable to purchase of treasury shares of 149 million yen and cash dividends paid of 634 million yen.

### (3) Explanation of forward-looking statements including business forecasts

The forecasts for the fiscal year ending September 30, 2025 remains unchanged from that stated in the “Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (Under Japanese GAAP)” dated October 31, 2024.

We plan to open only the two new schools in the current fiscal year, and position the current fiscal year as a period in which we enhance our teaching. 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 will focus on strengthening our teaching so that we can continue to grow even in an increasingly competitive environment due to the declining birthrate by controlling the expansion of our school network. In the fiscal year ending September 30, 2025, we believe that we can surely increase the number of students by raising the rate of attendance for all grades and by offering additional classes for grades full to capacity at existing schools, in addition to the above two new schools.

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. Non-consolidated Interim Financial Statements and Principal Notes

### (1) Non-consolidated Interim Balance Sheets

(Thousands of yen)

	As of September 30, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	9,674,288	10,055,424
Accounts receivable-trade	95,339	250,752
Inventories	36,703	78,739
Other	450,833	603,694
Allowance for doubtful accounts	(381)	(222)
Total current assets	10,256,783	10,988,388
Non-current assets		
Property, plant and equipment		
Buildings, net	7,212,017	7,105,766
Land	8,616,896	8,616,896
Other, net	200,204	192,426
Total property, plant and equipment	16,029,118	15,915,089
Intangible assets	118,703	119,591
Investments and other assets		
Leasehold and guarantee deposits	661,570	660,947
Other	2,194,098	2,182,460
Total investments and other assets	2,855,668	2,843,408
Total non-current assets	19,003,489	18,878,089
Total assets	29,260,273	29,866,477
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	136,436	102,836
Lease obligations	18,905	19,008
Accounts payable-other	167,593	159,109
Income taxes payable	705,497	821,996
Provision for bonuses	104,665	23,729
Other	1,242,802	1,005,802
Total current liabilities	2,375,898	2,132,482
Non-current liabilities		
Long-term borrowings	104,164	68,746
Lease obligations	36,027	28,237
Provision for retirement benefits for directors	129,800	129,800
Asset retirement obligation	363,361	371,980
Other	14,207	13,651
Total non-current liabilities	647,560	612,415
Total liabilities	3,023,458	2,744,897



(Thousands of yen)

	As of September 30, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	1,778,330	1,778,330
Capital surplus	2,138,466	2,140,329
Retained earnings	23,750,707	24,767,528
Treasury shares	(1,438,020)	(1,575,878)
Total shareholders' equity	26,229,483	27,110,309
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,330	11,271
Total valuation and translation adjustments	7,330	11,271
Total net assets	26,236,814	27,121,580
Total liabilities and net assets	29,260,273	29,866,477

## (2) Non-consolidated Interim Statements of Income

(Thousands of yen)

	For the six months ended March 31, 2024	For the six months ended March 31, 2025
Net sales	7,700,178	8,159,302
Cost of sales	5,020,991	5,352,241
Gross profit	2,679,186	2,807,060
Selling, general and administrative expenses	445,982	454,681
Operating profit	2,233,203	2,352,379
Non-operating income		
Interest income	24	1,290
Subsidy income	13,168	13,799
Rental income from buildings	54,096	53,583
Other	7,946	28,848
Total non-operating income	75,237	97,521
Non-operating expenses		
Interest expenses	211	457
Rental expenses	30,328	50,286
Other	1,272	824
Total non-operating expenses	31,812	51,567
Ordinary profit	2,276,628	2,398,333
Profit before income taxes	2,276,628	2,398,333
Income taxes-current	706,230	742,241
Income taxes-deferred	4,525	3,785
Total income taxes	710,756	746,026
Profit	1,565,871	1,652,307

## (3) Non-consolidated Interim Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2024	For the six months ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,276,628	2,398,333
Depreciation	259,874	257,911
Increase (decrease) in allowance for doubtful accounts	(165)	(158)
Increase (decrease) in provision for bonuses	(76,374)	(80,935)
Interest and dividends income	(4,124)	(8,778)
Interest expenses	211	457
Subsidy income	(13,168)	(13,799)
Decrease (increase) in trade receivables	(151,211)	(169,192)
Decrease (increase) in inventories	(36,142)	(42,035)
Increase (decrease) in accounts payable- other	(15,317)	(59,530)
Increase (decrease) in advances received	(125,462)	(143,240)
Other, net	18,461	19,298
Subtotal	2,133,209	2,158,328
Interest and dividends received	4,907	9,546
Interest paid	(203)	(437)
Subsidies received	17,656	15,983
Income taxes paid	(321,342)	(629,834)
Net cash provided by (used in) operating activities	1,834,228	1,553,586
Cash flows from investing activities		
Purchase of property, plant and equipment	(182,363)	(145,404)
Purchase of intangible assets	(59,994)	(5,049)
Purchase of investment securities	—	(5,400)
Proceeds from collection of loans receivable	1,639	776
Payments of leasehold and guarantee deposits	(16,212)	(8,365)
Proceeds from refund of leasehold and guarantee deposits	3,039	6,102
Other, net	(4,575)	(4,022)
Net cash provided by (used in) investment activities	(258,467)	(161,362)
Cash flows from financing activities		
Repayments of long-term borrowings	(52,350)	(69,018)
Repayments of finance lease liabilities	(9,493)	(9,593)
Purchase of treasury shares	(231,464)	(149,885)
Decrease (increase) in deposits for acquisition treasury shares	(268,603)	(149,228)
Dividends paid	(782,837)	(634,424)
Net cash provided by (used in) financing activities	(1,344,748)	(1,012,150)
Net increase (decrease) in cash and cash equivalents	231,012	380,073
Cash and cash equivalents at beginning of period	9,463,403	9,410,457
Cash and cash equivalents at end of period	9,694,416	9,790,531

(4) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on significant changes in the amount of shareholders' equity)

There is no relevant information.

(Segment information, etc.)

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

3. Supplementary Information

Status of production, orders and sales

(1) Results of production and orders received

Our business is conducting classes to students, so there are no relevant items regarding results of production and orders received.

(2) Sales results

As we have a single segment of the tutoring school business, we have no other segments subject to disclose. Sales results for the six months of the fiscal year under review are shown below by business segment.

Segment	Six months ended March 31,2025 (Thousands of yen)	Year-on-year changes (%)
High school entrance examination course	6,428,029	104.7
University entrance examination course	1,731,273	110.9
Total	8,159,302	106.0