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Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 [Under Japanese GAAP]

November 12, 2024

Company name: SPRIX Inc.
Listed exchange: Tokyo
Securities code: 7030 URL: https://sprix.inc/
Representative: Hiroyuki Tsuneishi, Representative Director and President
Contact: Toshihide Hirai, Director and General Manager
Telephone: (81) 3-6416-5476
Scheduled date of the Ordinary General Meeting of Shareholders: December 26, 2024
Scheduled date for commencement of dividend payments: December 27, 2024
Scheduled date of submission of the securities report: December 26, 2024
Preparation of supplementary materials for financial results: Yes
Holding of financial results presentation meeting: Yes
(For securities analysts and institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Consolidated results of operations

(Percentages denote year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	31,860	4.9	1,093	(17.0)	1,134	(14.0)	500	(10.9)
September 30, 2023	30,363	3.4	1,318	(52.6)	1,319	(52.6)	561	(65.1)

(Reference) Comprehensive income Fiscal year ended September 30, 2024 499 million yen down 10.5%
Fiscal year ended September 30, 2023 557 million yen down 65.2%

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating income to net sales
Fiscal year ended:	Yen	Yen	%	%	%
September 30, 2024	28.69	28.37	5.2	5.6	3.4
September 30, 2023	32.51	31.89	5.8	6.6	4.3

(Reference) Equity in earnings (losses) of affiliates September 30, 2024 35 million yen
September 30, 2023 −

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Earnings per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2024	20,448	9,562	46.5	545.72
September 30, 2023	20,143	9,706	48.0	558.76

(Reference) Shareholders' equity September 30, 2024 9,517 million yen
September 30, 2023 9,662 million yen

(3) Consolidated cash flow status

	Cash flow from sales activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	1,877	(1,533)	(991)	5,359
September 30, 2023	1,676	(1,354)	(249)	6,007

2. Dividends

	Annual dividends					Total dividends (total)	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	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, 2023	—	19.00	—	19.00	38.00	654	116.9	6.7
Fiscal year ending September 30, 2024	—	19.00	—	19.00	38.00	659	132.5	6.9
Fiscal year ending September 30, 2025 (forecast)	—	19.00	—	19.00	38.00		78.0	

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

(Percentages denote year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,000	6.7	1,600	46.3	1,600	41.1	850	70.0	48.74

*** Notes**

(1) Significant changes in the scope of consolidation for the fiscal year ended September 30, 2024: Yes
Newly included: 1 company (Name) ENGLISH SQUARE Co., Ltd.
Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and restatements
(i) Changes in accounting policies due to revisions in accounting standards: None
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	September 30, 2024	17,778,150 shares	September 30, 2023	17,633,250 shares
(ii) Number of treasury shares at the end of the period	September 30, 2024	337,085 shares	September 30, 2023	341,085 shares
(iii) Average number of shares during the period	Fiscal year ended September 30, 2024	17,431,757 shares	Fiscal year ended September 30, 2023	17,276,331 shares

(Reference) Overview of individual results

1. Non-consolidated earnings for the fiscal year ended September 2024 (October 1, 2023 to September 30, 2024)

(1) Individual business performance

(Percentages denote year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Earnings for the period	
Fiscal year ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	19,340	24.3	1,003	2.8	1,313	44.8	915	76.7
September 30, 2023	15,565	7.9	975	(49.9)	906	(53.5)	518	(57.7)

	Earnings per share	Diluted earnings per share
Fiscal year ended:	Yen	Yen
September 30, 2024	52.53	51.94
September 30, 2023	30.00	29.43

(2) Individual financial conditions

	Total assets	Net assets	Equity ratio	Earnings per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2024	15,760	9,495	60.0	541.90
September 30, 2023	14,565	9,222	63.0	530.81

(Reference) Shareholders' equity September 30, 2024 9,451 million yen
September 30, 2023 9,178 million yen

* These financial statements are not subject to audit by a certified public accountant or audit firm.

* Explanation of the proper use of financial results forecasts and other notes

Any forward-looking statements, including the forecast of consolidated financial results included herein, were prepared based on information available to the Company at the time this release was prepared and on certain assumptions judged to be reasonable by the Company and shall not be construed as a promise by the Company as to their realization.

Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the financial results forecast and important notes concerning the use of the financial results forecast, please refer to Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 Attachment p. 7 "1. QUALITATIVE INFORMATION ON QUARTERLY FINANCIAL RESULTS (4) Future outlook."

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1. OVERVIEW OF BUSINESS PERFORMANCE

Forward-looking matters in the text were judged on the final day of the fiscal year.

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

During the current consolidated fiscal year, the Japanese economy has been recovering moderately, although it remains at a standstill in some areas. Looking ahead, we expect the steady recovery to continue as the employment and income environment improves and various policies take effect. However, there is a risk that a downturn in overseas economies, such as the continued high level of interest rates in the United States and Europe and the effects of the ongoing stagnation in the real estate market in China, will put downward pressure on the Japanese economy. We need to pay close attention to the impact of inflation, the situation surrounding the Middle East region, and fluctuations in financial and capital markets.

The Japanese educational services industry, in which the Company and its group companies (the "Group") are engaged, is experiencing changes arising from the reform of Japanese public education systems on the back of declining birthrates. Furthermore, with many industries being compelled to transform their businesses from analog to digital and to reassess their service lines, the educational services industry is also required to meet increasing demand for educational and teaching services delivered in new formats utilizing information technology (IT).

Net sales for the current consolidated fiscal year were 31,860 million yen (up 4.9% year-on-year), operating income was 1,093 million yen (down 17.0% year-on-year), and ordinary income was 1,134 million yen (down 14.0% year-on-year). Net income attributable to owners of parent was 500 million yen (down 10.9% year-on-year), and EBITDA (operating income + interest expenses + amortization of goodwill + depreciation and amortization) was 2,249 million yen (down 10.8% year-on-year).

Results by segment are as follows:

Mori JUKU

In our core business of Mori JUKU individual tutoring schools, we had 229 schools (an increase of 20 schools year-on-year) at the end of the current consolidated fiscal year. As a result of the steady increase in the number of students, there were 55,357 students enrolled in Mori JUKU at the end of the current consolidated fiscal year, an increase of 6,268 students year-on-year.

	September 30, 2023	September 30, 20234	YoY change
Net sales (Note 1)	15,530 million yen	16,315 million yen	Up 5.1%
Segment profit (Notes 1, 2)	3,725 million yen	3,925 million yen	Up 5.4%
EBITDA (Note 3)	3,948 million yen	4,074 million yen	Up 3.2%
Number of schools	209	229	+20
Number of students	49,089	55,357	+6,268

Notes:
1. Net sales above represent net sales to external customers. Segment profit above represents figures before elimination of inter-segment transactions.
2. Segment profit above reflects amortization of intangible assets other than goodwill.
3. EBITDA represents operating profit before interest expenses, amortization of goodwill, and depreciation.

Shonan Seminar

As of the end of the current consolidated fiscal year (September 30, 2024), Shonan Seminar, which offers group tutoring classes, was operating 203 schools (an increase of 7 schools from a year earlier). The exam pass rate in spring 2024 continued to recover from the previous year, and the number of elementary school students in the elementary and junior high school sections, including the main comprehensive course for higher education, increased year-on-year due to the expansion of content for elementary school students and strengthened marketing. The total number of students in the junior high school section, first- or second-year students, also increased year-on-year, which will directly affect the number of students for the next school year. However, the number of students enrolled at Shonan Seminar at the end of the current consolidated fiscal year was 18,179 (down 54 students year-on-year).

	September 30, 2023	September 30, 2024	YoY change
Net sales	8,798 million yen	9,086 million yen	Up 3.3%
Segment profit	745 million yen	679 million yen	Down 8.9%
EBITDA	1,083 million yen	1,072 million yen	Down 1.1%
Number of schools	196	203	+7
Number of students	18,233	18,179	(54)

Kawaijuku Manavis

Kawaijuku Manavis specializes in preparing high school students for university entrance exams using video sessions and support tutors. As of the end of this consolidated fiscal year (September 30, 2024), Shonan Seminar Co., Ltd. was operating 51 Kawaijuku Manavis schools (an increase of 1 school from a year earlier) as franchisees. As a result of an increase in the number of students in all grades year on year, at the end of this consolidated fiscal year, the number of enrolled students at Kawaijuku Manavis schools was 5,216 (an increase of 359 students from a year earlier).

	September 30, 2023	September 30, 2024	YoY change
Net sales	3,106 million yen	3,121 million yen	Up 0.5%
Segment profit	312 million yen	273 million yen	Down 12.3%
EBITDA	480 million yen	496 million yen	Up 3.4%
Number of schools	50	51	+1
Number of students	4,857	5,216	+359

Other

For segment reporting purposes, the "Other" category represents operating segments that cannot be classified into reportable segments, including new businesses (including R&D expenses), Independent learning RED, Sora JUKU, and other educational services, such as the sale of Foresta Series textbooks and the operation of Tokyo Dance Village, WAYO Japanese Language School, and the Programming Proficiency Test.

Independent learning RED offers virtual tutoring schools utilizing educational IT. As of the end of this consolidated fiscal year (September 30, 2024), there were six directly operated schools (no year-on-year change) and 215 franchised schools (an increase of 18 schools from a year earlier).

As for the educational services included in the "Other" category, existing businesses, including the Foresta Series, which offers teaching materials for individual tutoring, the Fun-Learning Series, which provides online video teaching materials using information and computer technology (ICT), and Jukukoshi japan, a job-search website for JUKU teachers, all performed well. In addition, some of the Group's new businesses were on a steady growth path, including SPRIX LEARNING, DOJO, which offers AI-powered tablets to enhance fundamental academic skills, and QUREO Programing Schools and the Programming Proficiency Test, which are jointly operated with CyberAgent group. Furthermore, the number of TOFAS (Test of Fundamental Academic Skills) examinees has surpassed 12 million on a cumulative basis, indicating that the business is going well, although it is still in the investment phase.

(2) Overview of financial position for the current fiscal year

(Assets)

Total assets as of the end of this consolidated fiscal year (September 30, 2024) were 20,448 million yen, an increase of 304 million yen from the end of the previous fiscal year (September 30, 2023). This was mainly due to an increase of 322 million yen in buildings and structures.

(Liabilities)

Total liabilities as of the end of this consolidated fiscal year (September 30, 2024) were 10,886 million yen, an increase of 448 million yen from the end of the previous fiscal year (September 30, 2023). This was mainly because advances received increased by 326 million yen.

(Net assets)

Net assets as of the end of this consolidated fiscal year (September 30, 2024) were 9,562 million yen, a decrease of 144 million yen from the end of the previous fiscal year (September 30, 2023). This was mainly due to an increase of 500 million yen in net income attributable to parent company shareholders, and a decrease of 659 million yen due to dividend payments.

(3) Overview of cash flow for the current fiscal year

Cash and cash equivalents (hereafter, referred to as "funds") at the end of the current consolidated fiscal year were 5,359 million yen (a decrease of 648 million yen compared to the end of the previous fiscal year). The main factors are as follows.

(Cash flow from operating activities)

Funds obtained as a result of operating activities during the current consolidated fiscal year amounted to 1,877 million yen. This was mainly due to factors such as depreciation expenses of 753 million yen, amortization of goodwill of 373 million yen, and an increase in advance payments received of 326 million yen.

(Cash flow from investing activities)

Funds used as a result of investment activities during the current consolidated fiscal year amounted to 1,533 million yen. This was mainly due to expenditures of 1,191 million yen for acquisition of tangible and intangible fixed assets and expenditures of 205 million yen for payment of lease and guarantee deposits.

(Cash flow from financing activities)

Funds used as a result of financing activities during the current consolidated fiscal year amounted to 991 million yen. This was mainly due to factors such as dividend payments of 659 million yen, repayments of short-term loans payable of 1,500 million yen, and repayments of long-term loans payable of 298 million yen, despite income from short-term loans payable of 1,454 million yen.

(4) Future outlook

The education services market in Japan, where the Group has its main foothold, is becoming increasingly competitive due to factors such as the declining birthrate and the resulting decrease in the school-age population, and the increasing use of ICT in service provision.

In addition to our Group's individual tutoring services, Mori JUKU and Independent learning RED, we also offer group tutoring services such as Shonan Seminar, which is run by Shonan Seminar Co., Ltd., and university entrance exam guidance services such as Kawaijuku Manavis, as well as online private tutoring services such as Sora JUKU, which launched in 2021, enabling us to develop services that meet the diverse needs of the market.

Regarding Mori JUKU, we plan to open 20 new schools across the entire Mori JUKU network in the fiscal year ending September 2025, and the total number of schools in the entire group is expected to reach 249 by the end of September 2025. The number of enrolled students is expected to remain steady due to the opening of more schools in the Kansai region, and we will continue to expand further.

By the end of September 2025, the number of Shonan Seminar schools will be 207, and the number of Kawaijuku Manavis schools will be 53.

With regard to Independent learning RED, we will strengthen our partnership with Meiko Network Japan Co., Ltd. and actively promote the development of franchisees, aiming to increase the number of schools by 30 per year; the total number of schools (franchised and directly managed) is expected to reach 241 by the end of September 2025.

In addition, we are hoping to attract more students to Sora JUKU by capitalizing on its high profile as the No. 1 provider of online one-to-one tutoring.

With regard to Wayo Japanese Language School, which we acquired in June 2022, we will work to improve its brand power and integrate it with our group's school management know-how, based on the recovery in the number of foreign national students due to the easing of restrictions on behavior related to COVID-19, as well as the shortage of labor in Japan due to the declining birthrate and aging population.

In education-related services, in addition to the fact that sales of the Foresta Series are expected to continue to be strong, in the basic academic skills business centered on the international basic academic skills test TOFAS, we expect to continue to invest in R&D with the aim of achieving profitability in the fiscal year ending September 2025.

Following the Ikebukuro and Shinjuku schools, Tokyo Dance Village opened a new Shibuya school in September 2023, and is aiming to further expand its business.

We will also continue to promote the development of services for the Programming Proficiency Test (Proken) at our subsidiary Programming Research Institute Co., Ltd. and R&D in the EdTech field with the aim of generating revenue.

As a result of these factors, the Group's performance for the consolidated fiscal year ending September 2025 is expected to be consolidated net sales of 34,000 million yen (up 6.7% year-on-year), consolidated operating profit of 1,600 million yen (up 46.3% year-on-year), consolidated ordinary profit of 1,600 million yen (up 41.1% year-on-year), and net income attributable to parent company shareholders of 850 million yen (up 70.0% year-on-year). We also expect EBITDA (operating profit + amortization of goodwill + depreciation and amortization)—which we consider to be an important indicator—to be 2,800 million yen (up 24.5% year-on-year).

2. BASIC POLICY ON ACCOUNTING STANDARD SELECTION

The Company intends to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being, in order to ensure comparability of financial statements over time and between companies.

As for the adoption of IFRS, the Company intends to respond appropriately after considering the circumstances in Japan and overseas.

3. CONSOLIDATED FINANCIAL STATEMENTS AND MAIN NOTES

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	6,007	5,359
Accounts receivable - trade	381	374
Merchandise and finished goods	297	326
Work in process	45	66
Supplies	24	26
Accounts receivable - other	2,430	2,619
Other	757	1,082
Allowance for doubtful accounts	(37)	(48)
Total current assets	9,906	9,806
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,268	3,591
Land	450	489
Other, net	108	160
Total property, plant and equipment	3,828	4,240
Intangible assets		
Goodwill	2,496	2,183
Software	207	173
Other	927	746
Total intangible assets	3,631	3,103
Investments and other assets		
Investment securities	20	276
Deferred tax assets	605	727
Leasehold and guarantee deposits	2,044	2,045
Other	107	246
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,777	3,297
Total non-current assets	10,237	10,641
Total assets	20,143	20,448

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	103	150
Accounts payable - other	1,543	1,468
Short-term borrowings	754	717
Current portion of long-term borrowings	363	363
Income taxes payable	171	418
Accrued consumption taxes	200	452
Advances received	4,264	4,590
Provision for bonuses	441	440
Other	700	618
Total current liabilities	8,543	9,221
Non-current liabilities		
Long-term borrowings	727	429
Provision for retirement benefits for directors (and other officers)	73	75
Retirement benefit liability	124	127
Asset retirement obligations	968	1,032
Deferred tax liabilities	0	—
Total non-current liabilities	1,893	1,664
Total liabilities	10,437	10,886
Net assets		
Shareholders' equity		
Share capital	1,438	1,444
Capital surplus	1,428	1,434
Retained earnings	7,173	7,013
Treasury shares	(380)	(377)
Total shareholders' equity	9,659	9,516
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	2	1
Total accumulated other comprehensive income	2	1
Share acquisition rights	44	44
Non-controlling shareholders' equity	—	—
Total net assets	9,706	9,562
Total liabilities and net assets	20,143	20,448

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(Millions of yen)

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Net sales	30,363	31,860
Cost of sales	20,495	21,928
Gross profit	9,868	9,932
Selling, general and administrative expenses	8,549	8,838
Operating profit	1,318	1,093
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	—	35
Outsourcing service income	—	1
Subsidy income	2	0
Rental income	2	2
Commission income	2	—
Other	1	15
Total non-operating income	9	56
Non-operating expenses		
Interest expenses	5	8
Commission expenses	—	0
Other	3	7
Total non-operating expenses	9	15
Ordinary profit	1,319	1,134
Extraordinary income		
Gain on sales of non-current assets	—	17
Gain on reversal of share acquisition rights	—	4
Total extraordinary income	—	22
Extraordinary losses		
Loss on retirement of non-current assets	—	16
Loss on valuation of stocks of subsidiaries and affiliates	4	—
Impairment losses	120	126
Cancellation penalties	75	—
Total extraordinary losses	200	143
Profit before income taxes	1,118	1,013
Income taxes - current	715	635
Income taxes - deferred	(158)	(121)
Total income taxes	557	513
Profit	560	500
Loss attributable to non-controlling interests	(0)	—
Profit attributable to owners of parent	561	500

(Consolidated statements of comprehensive income)

(Millions of yen)

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Profit	560	500
Other comprehensive income		
Remeasurements of defined benefit plans	(3)	(1)
Total other comprehensive income	(3)	(1)
Total comprehensive income attributable to:	557	499
Owners of parent	558	499
Non-controlling interests	(0)	—

(3) Consolidated statement of changes in shareholders' equity, etc.

Previous fiscal year ended September 30, 2023

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Beginning balance	1,431	1,421	7,266	(385)	9,734
Fluctuation amount					
Issuance of new shares	6	6			13
Dividend of surplus			(654)		(654)
Net income attributable to parent company shareholders			561		561
Disposal of treasury shares		0		0	0
Restricted share compensation				4	4
Net changes in items other than shareholders' equity					
Total amount of fluctuations	6	6	(92)	4	(74)
Ending balance	1,438	1,428	7,173	(380)	9,659

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Cumulative adjustment for retirement benefits	Total accumulated other comprehensive income			
Beginning balance	5	5	33	0	9,774
Fluctuation amount					
Issuance of new shares					13
Dividend of surplus					(654)
Net income attributable to parent company shareholders					561
Disposal of treasury shares			(0)		0
Restricted share compensation					4
Net changes in items other than shareholders' equity	(3)	(3)	10	(0)	6
Total amount of fluctuations	(3)	(3)	10	(0)	(68)
Ending balance	2	2	44	—	9,706

This fiscal year ended September 30, 2024

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Earnings surplus	Treasury stock	Total shareholders' equity
Beginning balance	1,438	1,428	7,173	(380)	9,659
Fluctuation amount					
Issuance of new shares	6	6			13
Dividend of surplus			(659)		(659)
Net income attributable to parent company shareholders			500		500
Disposal of treasury shares					
Restricted share compensation				3	3
Net changes in items other than shareholders' equity					
Total amount of fluctuations	6	6	(159)	3	(143)
Ending balance	1,444	1,434	7,013	(377)	9,516

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Cumulative adjustment for retirement benefits	Total accumulated other comprehensive income			
Beginning balance	2	2	44	—	9,706
Fluctuation amount					
Issuance of new shares					13
Dividend of surplus					(659)
Net income attributable to parent company shareholders					500
Disposal of treasury shares			(6)		(6)
Restricted share compensation					3
Net changes in items other than shareholders' equity	(1)	(1)	7		5
Total amount of fluctuations	(1)	(1)	0	—	(144)
Ending balance	1	1	44	—	9,562

(4) Consolidated statement of cash flows

(Millions of yen)

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Cash flow from operating activities		
Income before income taxes	1,118	1,013
Depreciation	841	753
Amortization of goodwill	330	373
Stock compensation expenses	11	7
Impairment loss	120	126
Gain on sale of non-current assets		(17)
Loss on disposal of fixed assets	—	16
Loss on valuation of shares of affiliates	4	—
Cancellation penalties	75	—
Increase/decrease in allowance for doubtful accounts (Parentheses indicate a decrease.)	(3)	10
Increase/decrease in provision for bonuses (Parentheses indicate a decrease.)	(10)	(0)
Increase/decrease in reserve for sales returns (Parentheses indicate a decrease.)	11	—
Increase/decrease in liabilities for retirement benefits (Parentheses indicate a decrease.)	7	2
Increase/decrease in provision for executive retirement benefits (Parentheses indicate a decrease.)	2	1
Interest income	(0)	(0)
Interest paid	5	8
Gain on reversal of subscription rights to shares	—	(4)
Equity in earnings (losses) of affiliates (Parentheses indicate earnings.)	—	(35)
Increase/decrease in accounts receivable (Parentheses indicate an increase)	(371)	(183)
Increase/decrease in inventory assets (Parentheses indicate an increase.)	69	(52)
Increase/decrease in other assets (Parentheses indicate an increase.)	(9)	(107)
Increase/decrease in trade payable (Parentheses indicate a decrease.)	(32)	46
Increase/decrease in accounts payable (Parentheses indicate a decrease.)	5	176
Increase/decrease in advance received (Parentheses indicate a decrease.)	122	326
Increase/decrease in unpaid consumption tax, etc. (Parentheses indicate a decrease.)	49	132
Increase/decrease in other liabilities (Parentheses indicate a decrease.)	213	(26)
Others	256	(225)
Subtotal	2,817	2,340
Interest received	0	0
Interest paid	(5)	(8)
Payment of corporate taxes, etc.	(1,135)	(455)
Cash flow from operating activities	1,676	1,877

(Millions of yen)

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Cash flow from investing activities		
Payment for purchase of investment securities	—	(221)
Proceeds from sale of property, plant and equipment		46
Expenditures on acquisition of tangible fixed assets	(751)	(964)
Expenditures on acquisition of intangible fixed assets	(125)	(227)
Expenditures on payment of deposits and guarantees	(482)	(205)
Income from the collection of security deposits and guarantees	4	154
Expenditures on long-term loans	—	(150)
Proceeds from acquisition of subsidiary shares resulting in a change in the scope of consolidation	—	34
Others	—	(0)
Cash flow from investing activities	(1,354)	(1,533)
Cash flow from financing activities		
Income from short-term borrowing	1,264	1,454
Payments for repayment of short-term loans	(509)	(1,500)
Payments for repayment of long-term loans	(363)	(298)
Proceeds from issuance of stock	13	13
Proceeds from sale of treasury stock	0	—
Expenditures on acquisition of shares in subsidiaries not involving a change in the scope of consolidation	—	(1)
Dividend payment amount	(654)	(659)
Cash flow from financing activities	(249)	(991)
Increase/decrease in cash and cash equivalents	71	(648)
Cash and cash equivalents at beginning of period	5,935	6,007
Cash and cash equivalents at end of period	6,007	5,359

(5) Notes on the consolidated financial statements

(Notes on the going-concern assumption)

Not applicable.

(Notes on segment information)

1. Overview of reportable segments

The reporting segments of the Group are those units of the Group for which separate financial information is available, and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and to evaluate performance.

The Group is divided into three reporting segments: Mori JUKU, Shonan Seminar, and Kawaijuku Manavis, and we disclose an overview of each segment.

Mori JUKU is an individual tutoring school for elementary, junior high, and senior high school students, with a maximum of two students per teacher. For junior high school students, we have introduced a "performance guarantee system" that guarantees a minimum 20-point increase in performance in one subject in regular tests. Shonan Seminar is a group-tutoring style cram school for elementary, junior high, and senior high school students, and we have introduced various courses that make use of our unique QE Lessons teaching style, from regular tests to preparation for entrance exams to highly selective schools. Kawaijuku Manavis is a tutoring school for senior high school students preparing to go on to university, combining video lessons with "study navigation" (personal support).

2. Calculation method for net sales, income or loss, and other items by reportable segment

The accounting methods for the reported business segments are in accordance with the accounting policies adopted for the "Preparation of Consolidated Financial Statements."

The profit of the reportable segment is a figure based on operating profit.

Internal sales or transfers between segments are based on market prices.

3. Information on the amount of net sales, income or loss, assets, and other items for each reportable segment, as well as breakdown information on revenue

Previous fiscal year ended September 30, 2023

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statements (Note 3)
	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Total				
Net sales								
Revenue from contracts with customers	15,530	8,798	3,106	27,435	2,927	30,363	—	30,363
Other revenues	—	—	—	—	—	—	—	—
Sales to external customers	15,530	8,798	3,106	27,435	2,927	30,363	—	30,363
Inter-segment sales or transfers	—	—	—	—	124	124	(124)	—
Total	15,530	8,798	3,106	27,435	3,052	30,488	(124)	30,363
Segment profit (loss)	3,725	745	312	4,783	(1,011)	3,772	(2,453)	1,318
Segment assets	4,719	1,690	1,006	7,416	2,958	10,375	9,768	20,143
Other items								
Depreciation	222	338	168	729	80	809	31	841
Amortization of goodwill	—	—	—	—	25	25	304	330
Impairment loss	5	79	36	120	—	120	—	120
Increase in tangible fixed assets and intangible fixed assets	210	148	88	447	365	812	2	815

Notes:

1. For segment reporting purposes, the "Other" category represents operating segments that cannot be classified into reportable segments, including new businesses (including R&D expenses), Independent learning RED, Sora JUKU, and other educational services, such as the sale of Foresta Series textbooks and the operation of Tokyo Dance Village, WAYO Japanese Language School, and the Programming Proficiency Test.

2. The segment income (loss) adjustment amount of (2,453) million yen includes goodwill amortization of (304) million yen and company-wide expenses of (2,149) million yen that have not been allocated to the relevant reportable segment. Company-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment or the "Other" category.
3. The segment assets adjustment amount of 9,768 million yen indicates company-wide assets that have not been allocated to the relevant reporting segment; the main items are cash and deposits and goodwill.
4. Segment income (loss) is adjusted with operating profit on the consolidated statement of income.

This fiscal year ended September 30, 2024

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated financial statements (Note 3)
	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Total				
Net sales								
Revenue from contracts with customers	16,315	9,086	3,121	28,524	3,336	31,860	—	31,860
Other revenues	—	—	—	—	—	—	—	—
Sales to external customers	16,315	9,086	3,121	28,524	3,336	31,860	—	31,860
Inter-segment sales or transfers	—	—	—	—	4	4	(4)	—
Total	16,315	9,086	3,121	28,524	3,341	31,865	(4)	31,860
Segment profit (loss)	3,925	679	273	4,879	(1,282)	3,596	(2,502)	1,093
Segment assets	4,995	5,579	1,394	11,970	4,033	16,004	4,444	20,448
Other items								
Depreciation	148	392	223	764	134	898	(145)	753
Amortization of goodwill	87	132	65	285	25	311	61	373
Impairment loss	—	69	57	126	—	126	—	126
Increase in tangible fixed assets and intangible fixed assets	260	137	87	485	54	539	383	923

Notes:
1. For segment reporting purposes, the "Other" category represents operating segments that cannot be classified into reportable segments, including new businesses (including R&D expenses), Independent learning RED, Sora JUKU, and other educational services, such as the sale of Foresta Series textbooks and the operation of Tokyo Dance Village, WAYO Japanese Language School, and the Programming Proficiency Test.
2. The segment income (loss) adjustment amount of (2,502) million yen includes goodwill amortization of (9) million yen and company-wide expenses of (2,493) million yen that have not been allocated to the relevant reportable segment. Company-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment or the "Other" category.
3. The segment assets adjustment amount of 4,444 million yen indicates company-wide assets that have not been allocated to the relevant reporting segment; the main items are cash and deposits and goodwill.
4. Segment income (loss) is adjusted with operating income on the consolidated statement of income.
5. From the current consolidated fiscal year, the amortization of goodwill, which was included in the adjustments, is allocated to each reportable segment.

[Related information]

Previous fiscal year ended September 30, 2023

1. Information by product and service

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other (educational services)	Total
Sales to external customers	15,530	8,798	3,106	2,927	30,363

2. Information by region

(1) Net sales

This statement is omitted because consolidated sales to external customers in Japan exceed 90% of sales on the income statement.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, so entry has been omitted.

3. Information for each major customer

There is no applicable information because there is no single external customer whose sales account for 10% or more of the sales on the consolidated statement of income.

This fiscal year ended September 30, 2024

1. Information by product and service

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other (educational services)	Total
Sales to external customers	16,315	9,086	3,121	3,336	31,860

2. Information by region

(1) Net sales

This statement is omitted because consolidated sales to external customers in Japan exceed 90% of sales on the income statement.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, so entry has been omitted.

3. Information for each major customer

There is no applicable information because there is no single external customer whose sales account for 10% or more of the sales on the consolidated statement of income.

[Information on impairment losses on fixed assets by reportable segment]

Previous fiscal year ended September 30, 2023

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other	Total
Impairment loss	5	79	36	—	120

This fiscal year ended September 30, 2024

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other	Total
Impairment loss	—	69	57	—	126

[Information on the amortization amount and unamortized balance of goodwill by reportable segment]

Previous fiscal year ended September 30, 2023

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other	Company-wide / elimination	Total
Amortization for the period	—	—	—	25	304	330
Balance at end of period	—	—	—	227	2,269	2,496

This fiscal year ended September 30, 2024

(Millions of yen)

	Mori JUKU	Shonan Seminar	Kawaijuku Manavis	Other	Company-wide / elimination	Total
Amortization for the period	148	—	—	25	347	373
Balance at end of period	—	—	—	201	1,981	2,183

Note: The “Other” category is a business segment not included in the reported segments, and the current amortization amount and unamortized balance are for the WAYO Japanese Language School.

[Information on gains on negative goodwill by reportable segment]

Previous fiscal year ended September 30, 2023

Not applicable.

This fiscal year ended September 30, 2024

Not applicable.

(Information per share)

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Net assets per share	558.76 yen	545.72 yen
Earnings per share	32.51 yen	28.69 yen
Diluted net income per share	31.89 yen	28.37 yen

Note: The basis for calculating net income per share and net income per share after adjustment for diluted shares is as follows.

	Previous fiscal year ended September 30, 2023	This fiscal year ended September 30, 2024
Earnings per share		
Net income attributable to parent company shareholders (millions of yen)	561	500
Amount not belonging to common shareholders (millions of yen)	—	—
Net income attributable to parent company shareholders for common stock (millions of yen)	561	500
Average number of common shares during the period (shares)	17,276,331	17,431,757
Diluted net income per share		
Adjustment of net income attributable to parent company shareholders (millions of yen)	—	—
Increase in the number of common shares (shares)	334,687	198,408
(of which, stock acquisition rights (shares))	(334,687)	(198,408)
Outline of potential shares not included in the calculation of net income per share after adjustment for diluted shares due to the absence of a dilution effect	—	—

(Significant subsequent events)

Not applicable.