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November 12, 2021

Consolidated Financial Results for the Fiscal Year Ended September 30, 2021 [Under Japanese GAAP]

Company name:	SPRIX, Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Securities code number:	7030
URL:	https://sprix.jp/
Representative:	Hiroyuki Tsuneishi, Representative Director and President
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Scheduled date of annual general meeting of shareholders:	December 24, 2021
Scheduled date for submission of securities report:	December 24, 2021
Scheduled date for dividend payment:	December 27, 2021
Availability of supplementary information for the financial results:	Yes
Organization of briefing on the financial results:	Yes (for securities analysts and institutional investors)

(All amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes.)

Fiscal year ended	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	25,901	118.7	2,437	36.3	2,434	36.2	1,467	27.6
September 30, 2020	11,843	–	1,787	–	1,787	–	1,150	–

(Note) Comprehensive income: For the fiscal year ended September 30, 2021: 1,449 million yen (27.1%)
For the fiscal year ended September 30, 2020: 1,140 million yen (–%)

Fiscal year ended	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
	Yen	Yen	%	%	%
September 30, 2021	85.41	82.99	17.4	15.8	9.4
September 30, 2020	67.08	64.62	14.6	16.0	15.1

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

For the fiscal year ended September 30, 2021: – million yen

For the fiscal year ended September 30, 2020: – million yen

(Note) Consolidated financial statements are prepared from the second quarter ended March 31, 2020. Accordingly, year-on-year comparison is not available for the fiscal year ended September 30, 2020.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2021	19,277	8,864	45.9	516.46
September 30, 2020	11,485	8,091	70.2	470.37
(Reference) Equity:	As of September 30, 2021: 8,846 million yen			
	As of September 30, 2020: 8,063 million yen			

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2021	2,647	(1,859)	(1,932)	6,163
September 30, 2020	1,459	(373)	(687)	7,308

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (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, 2020	–	15.00	–	16.00	31.00	531	46.2	6.6
Fiscal year ended September 30, 2021	–	15.00	–	21.00	36.00	532	42.1	7.3
Fiscal year ending September 30, 2022 (forecast)	–	19.00	–	19.00	38.00		37.1	

3. Consolidated forecasts for the fiscal year ending September 30, 2022 (From October 1, 2021 to September 30, 2022)

(Percentage figures represent changes from the previous fiscal year.)

Fiscal year ending	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
September 30, 2022	29,546	14.1	2,699	10.8	2,706	11.2	1,755	19.6	102.45

■ Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes
 Newly included: One company (Shonan Seminar CO., LTD.)
 Excluded: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 a. Changes in accounting policies due to revision in accounting standards: None
 b. Changes in accounting policies other than the above a.: None
 c. Changes in accounting estimates: None
 d. Restatements: None
- (3) Number of issued and outstanding shares (common shares)
- a. Number of issued and outstanding shares (including treasury shares)
 As of September 30, 2021: 17,473,950 shares
 As of September 30, 2020: 17,313,450 shares
- b. Number of treasury shares
 As of September 30, 2021: 345,245 shares
 As of September 30, 2020: 170,245 shares
- c. Average number of issued and outstanding shares during the year
 Fiscal year ended September 30, 2021: 17,181,540 shares
 Fiscal year ended September 30, 2020: 17,145,041 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Non-consolidated operating results

(Percentage figures represent year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	13,362	12.8	1,900	4.6	1,895	4.3	1,360	16.4
September 30, 2020	11,843	3.8	1,817	(33.7)	1,817	(33.8)	1,168	(34.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2021	79.16	76.91
September 30, 2020	68.14	65.65

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2021	12,758	8,765	68.7	511.11
September 30, 2020	11,476	8,081	70.4	471.43

(Reference) Equity As of September 30, 2021: 8,754 million yen
 As of September 30, 2020: 8,081 million yen

- Financial results reports are exempt from audits conducted by certified public accountants or an audit firm.
- Explanation for the appropriate use of the forecasts and other matters to be noted
The forecasts for results of operations and other forward-looking information in this report are based on information currently available to SPRIX, Ltd. (the “Company”) and assumptions determined to be reasonable. They are not intended as the Company’s commitment to achieve such forecasts. Further, actual results may differ significantly from the forecasts due to various reasons. For assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, see “1. OVERVIEW OF FINANCIAL RESULTS, (4) Outlook for the Fiscal Year Ending September 30, 2022” in the attached Supplementary Information on page 4.

Supplementary Information

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1. OVERVIEW OF FINANCIAL RESULTS

Forecast-related matters described in this report are based on the understandings as of September 30, 2021.

(1) Overview of Consolidated Operating Results

The economy in Japan continued to struggle during the fiscal year ended September 30, 2021, due to the spread of COVID-19. While economic activities are gradually picking up in certain areas, the situation still needs to be carefully monitored, including the impact of various political measures undertaken, the global economic landscape, and the progress of vaccinations.

The Japanese education service industry, in which the Company and its subsidiaries (the “Group”) are engaged, is required to take swift actions to address various impending issues, including declining birthrate, hiring difficulties and regional disparities. Further, as many industries are forced to transform their businesses from analog to digital and reassess their service lines amid the pandemic, the education service industry is also exploring different ways of delivering academic services to meet an increasing demand for utilizing information technology (IT) in education and teaching. Amid such business environment, the Group is dedicated to providing education service mainly through the School Operating Services and the Education and Learning Services.

[School Operation Services]

The Group has expanded its service lines by consolidating Shonan Seminar CO., LTD. (or “Shonan”) as a wholly-owned subsidiary of the Company from the first quarter ended December 31, 2020. In detail, the acquisition of Shonan has added variety of JUKU (*) schools offered by the Group under its School Operation Services. On top of the Company-operating “Mori JUKU,” dedicated to offering individual tutoring cram schools mainly for elementary and junior high school students, “Self-Study RED,” and “Sora JUKU,” which is the online version of Mori JUKU launched in the previous fiscal year, the Group now expands its educational services to the following: “Mori JUKU” operated by Shonan; “Shonan Seminar,” offering group teaching-style JUKU; and “Kawaijuku Manavis,” specialized in teaching senior high school students to prepare for college entrance exams.

(*) JUKU are private, fee-paying schools in Japan that offer supplementary classes after school to support children’s schoolwork or prepare for various entrance exams, including college entrance exams.

“Mori JUKU,” the Group’s core business, ran 175 schools as of September 30, 2021 (up 18 schools year-on-year), comprising 130 schools run by the Company (up 15 schools year-on-year) and 45 schools run by Shonan (up 3 schools year-on-year). After seeing a shrink during the pandemic, the number of enrolled students gradually came back thanks to the Group’s continuous effort in providing high quality tutoring service and pursuing continuous R&D activities, while placing the highest priority on the safety of students and employees of the Group throughout the outbreak. In detail, as of September 30, 2021, the number of enrolled students for “Mori JUKU,” including those run by Shonan, totaled 44,631, up 3,592 year-on-year. Of the total, 35,227 students belonged to Mori JUKU run by the Company, an increase of 3,071 students from a year earlier, and 9,404 students to Mori JUKU run by Shonan, up 521 students from a year earlier.

“Shonan Seminar” offers group teaching-style classes mainly to elementary and junior high school students. As of September 30, 2021, 178 Shonan Seminar schools were run by the Group, up one school from a year earlier.

“Kawaijuku Manavis” is specialized in teaching senior high school students to prepare for college entrance exams using both video sessions supported by mentors. As of September 30, 2021, 47 schools were run by Shonan under a franchise, no change in numbers from a year earlier.

“Self-Study RED” offers cram schools utilizing AI-based self-studying program. As of September 30, 2021, there were five directly operated schools (no change in numbers year-on-year) and 159 franchised schools (up 31 schools from a year earlier).

The following table shows the breakdown of net sales and business profit by major JUKU brand for the fiscal year ended September 30, 2021, and other related information as of September 30, 2021:

	Mori JUKU			Shonan Seminar (Note 1)	Kawaijuku Manavis (Note 1)
	Mori JUKU	Mori JUKU (SPRIX)	Mori JUKU (Shonan) (Note 1)		
Net sales (Million yen) (Note 2)	13,198	10,724	2,473	7,549	2,839
Business profit (Million yen) (Note 2&3)	3,325	2,849	476	1,493	567
Number of schools as of September 30, 2021	175	130	45	178	47
Number of enrolled students as of September 30, 2021	44,631	35,227	9,404	20,512	5,582

Note 1) Net sales and business profit for “Mori JUKU,” “Shonan Seminar,” and “Kawaijuku Manavis” run by Shonan for the fiscal year ended September 30, 2021, represent those for the 10-month period from December 1, 2020, to September 30, 2021, respectively.

Note 2) Net sales and business profit are in amounts before offsetting inter-business transactions.

Note 3) Business profit represents operating profit of each business before the allocation of common expenses such as administrative expenses.

[Education and Learning Services]

Regarding the Education and Learning Services, the following current businesses performed well in the fiscal year: “Foresta Series,” which offers teaching material for individual tutoring; “Fun-learning Series,” which provides online video teaching material using information and computer technology (ICT); and “JUKU Teachers JAPAN,” the job-search website for JUKU teachers. In addition, several other new businesses started to grow, including “QUREO programming school,” which is jointly operated with one of the group companies of CyberAgent, Inc., and “Programming Proficiency Test.” Also, other businesses were strategically reinforced to effectively realize synergy with the School Operation Services, including “Foresta Learning DOJO,” which offers AI-powered tablets to enhance fundamental academic skills, and “TOFAS (Test of Fundamental Academic Skills),” which is run by SPRIX Fundamental Academic Skills Lab to provide international proficiency tests for fundamental academic skills.

Meanwhile, both cost of sales as well as selling, general and administrative expenses increased during the fiscal year, mainly due to the following reasons: personnel expenses for the business expansion and facility-related expenses for the opening of new schools increased as planned; and the Group boosted advertising and R&D activities as an upfront investment.

Based on the above, the Group recorded net sales of 25,901,611 thousand yen (up 118.7% year-on-year), operating profit of 2,437,229 thousand yen (up 36.3% year-on-year), ordinary profit of 2,434,257 thousand yen (up 36.2% year-on-year), profit attributable to owners of parent of 1,467,559 thousand yen (up 27.6% year-on-year), and EBITDA (i.e. operating profit before depreciation and amortization of goodwill) of 3,385,334 thousand yen (up 74.8% year-on-year), during the fiscal year ended September 30, 2021.

Seasonality plays an important role in the Group’s operating results. For the School Operation Services, centered around the operation of “Mori JUKU,” “Shonan Seminar,” and “Kawaijuku Manavis,” net sales tend to rise in summer (July and August), winter (December and January), and spring (March and April), when sessions are intensively provided. For the Education and Learning Services, sales of textbooks tend to increase in around March to prepare for the new school year in Japan.

Segment information is not provided, given that the Company is operating its educational service business under a single segment. See the breakout of net sales and business profit by major types of JUKU in the above table.

(2) Overview of Consolidated Financial Position

Total assets as of September 30, 2021, were 19,277,201 thousand yen, an increase of 7,791,402 thousand yen year-on-year. This is primarily attributed to an increase of 4,587,088 thousand yen in intangible assets, including goodwill arising from the subsidiary acquisition, and an increase of 1,891,383 thousand yen in property, plant and equipment mainly related to buildings for the subsidiary's school operation.

Total liabilities as of September 30, 2021, were 10,412,389 thousand yen, an increase of 7,018,053 thousand yen year-on-year. This is primarily attributed to an increase of 5,060,911 thousand yen in current liabilities, including short-term borrowings and advances received due to the acquisition, and an increase of 1,957,141 thousand yen in non-current liabilities, including long-term borrowings and asset retirement obligations related to schools run by the acquired subsidiary.

Total net assets as of September 30, 2021, was 8,864,811 thousand yen, up 773,348 thousand yen from a year earlier. This is primarily attributed to the recording of profit attributable to owners of parent, offset by dividend payments and purchase of treasury shares.

(3) Overview of Consolidated Cash Flows

As of September 30, 2021, cash and cash equivalents were 6,163,445 thousand yen. The analysis of cash flows by activity during the fiscal year ended September 30, 2021, is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 2,647,527 thousand yen. This is mainly attributable to cash inflows due to profit before tax of 2,401,535 thousand yen, offset by payment of income taxes of 976,132 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,859,896 thousand yen, primarily due to the purchase of shares of subsidiaries resulting in change in scope of consolidation by 1,279,308 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,932,297 thousand yen, primarily due to the payment of cash dividends of 531,241 thousand yen and payment for the purchase of treasury shares of 170,302 thousand yen.

(4) Outlook for the Fiscal Year Ending September 30, 2022

Looking ahead, tougher competition will be seen in the Japanese education service industry, in which the Group mainly operates, as school age population is shrinking due to a declining birthrate and the industry is boosting ICT investment to attract more students. Under such circumstances, to respond to various needs in the market, the Group has strategically expanded the JUKU brands under its School Operation Services, including the following: "Mori JUKU" and "Self-Study RED," offering individual tutoring-style cram schools: group teaching-style JUKU "Shonan Seminar," operated by Shonan; "Kawaijuku Manavis," specialized in teaching senior high school students to prepare for college entrance exams; and "Sora JUKU," the online version of Mori JUKU launched in 2020.

The Group plans to open 16 new "Mori JUKU" schools in the fiscal year ending September 30, 2022, consisting of 15 schools run by the Company and one school run by Shonan. As a result, the total number of "Mori JUKU" is expected to reach 191 as of September 30, 2022. The number of enrolled students will also see a steady growth, given that the number of new students is expected to recover from the slow pace seen during the pandemic, and also the 16 new openings in the fiscal year ending September 30, 2022, will contribute to the growth.

The number of schools for "Shonan Seminar" and "Kawaijuku Manavis" is forecast to reach 181 and 50, respectively, as of September 30, 2022. The Group plans to boost the franchise operation of "Self-Study RED" by enhancing the collaboration with Meiko Network Japan Co., Ltd., resulting in 208 franchised schools as of September 30, 2022, up 44 from the fiscal year ended September 30, 2021. "Sora JUKU" will also see more enrollments thanks to aggressive advertising campaigns, including TV ads, previously rolled out in the fiscal year ended September 30, 2021.

The Education and Learning Services will remain strong, too, primarily because sales growth will continue for "Foresta Series," the teaching material for individual tutoring, and a new series called "Foresta Plus" will be launched in the fiscal year ending September 30, 2022. In addition, the Group will expand the "Tokyo Dance Village" operation by opening the second school in Shinjuku, Tokyo, which shall boast the most spacious dance floor in the area. The Group will also expand effort in research and development activities for new services in the educational technology area, including the development of "Programming Proficiency Test" by one of the Group's subsidiaries, Programming Research Institute, Ltd.

Based on above, the Group forecasts the consolidated financial results for the fiscal year ending September 30, 2022, as follows: net sales of 29,546 million yen (up 14.1% year-on-year), operating profit of 2,699 million yen (up 10.8% year-on-year), ordinary profit of 2,706 million yen (up 11.2% year-on-year), and profit attributable to owners of parent of 1,755 million yen (up 19.6% year-on-year). EBITDA, which represents one of the Group's significant key performance

indicators, is expected to rise to 3,917 million yen, up 15.7% year-on-year.

2. BASIC VIEWS ON THE SELECTION OF ACCOUNTING STANDARDS

The Company prepares and will prepare its consolidated financial statements under Japanese GAAP for the time being to make them comparable to other accounting periods/ companies.

The Company will consider the adoption of IFRS as appropriate, taking into consideration the socioeconomic landscape both in Japan and overseas.

3. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	7,308,111	6,163,445
Accounts receivable - trade	175,344	231,483
Merchandise and finished goods	145,170	322,097
Work in process	53,872	24,621
Supplies	6,442	14,529
Accounts receivable - other	1,594,474	2,002,097
Other current assets	153,312	877,726
Allowance for doubtful accounts	(8,290)	(36,310)
Total current assets	9,428,437	9,599,690
Non-current assets		
Property, plant and equipment		
Land	–	262,526
Building (net)	1,087,737	2,650,621
Other (net)	85,601	151,574
Total property, plant and equipment	1,173,338	3,064,721
Intangible assets		
Goodwill	66,330	2,877,850
Software	21,898	216,113
Other	7,427	1,588,780
Total intangible assets	95,656	4,682,744
Investments and other assets		
Investment securities	60,500	75,931
Deferred tax assets	212,245	332,002
Leasehold and guarantee deposits	493,488	1,451,495
Other	22,168	70,650
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	788,366	1,930,044
Total non-current assets	2,057,361	9,677,510
Total assets	11,485,798	19,277,201

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable – trade	76,035	151,877
Accounts payable – other	778,548	1,534,993
Current portion of long-term borrowings	–	363,640
Income tax payables	247,968	606,130
Accrued consumption taxes	184,289	361,668
Advances received	1,336,243	3,897,917
Provision for bonuses	11,700	581,898
Provision for score guarantee payments	6,724	10,849
Provision for sales returns	15,832	17,546
Other current liabilities	218,060	409,792
Total current liabilities	2,875,401	7,936,313
Non-current liabilities		
Long-term borrowings	–	1,454,540
Provision for retirement benefits for directors	68,555	69,980
Retirement benefit liabilities	100,156	107,767
Asset retirement obligations	350,222	843,787
Total non-current liabilities	518,934	2,476,075
Total liabilities	3,394,335	10,412,389
Net assets		
Shareholders' equity		
Share capital	1,422,963	1,430,557
Capital surplus	1,412,963	1,420,557
Retained earnings	5,442,512	6,377,994
Treasury shares	(214,870)	(385,172)
Total shareholders' equity	8,063,569	8,843,936
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	114	2,339
Total accumulated other comprehensive income	114	2,339
Stock acquisition rights	–	11,013
Non-controlling interests	27,778	7,521
Total net assets	8,091,462	8,864,811
Total liabilities and net assets	11,485,798	19,277,201

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statement of Income]

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	11,843,549	25,901,611
Cost of sales	7,129,182	17,188,159
Gross profit	4,714,366	8,713,451
Selling, general and administrative expenses	2,926,664	6,276,222
Operating profit	1,787,702	2,437,299
Non-operating income		
Interest income	140	64
Relief benefit income	307	–
Outsourcing service income	396	5,952
Subsidy income	609	7,727
Insurance claim income	597	–
Other	571	5,436
Total non-operating income	2,621	19,181
Non-operating expenses		
Interest expenses	–	10,486
Commission expenses	2,753	5,827
Foreign exchange losses	210	230
Other	43	5,608
Total non-operating expenses	3,008	22,152
Ordinary profit	1,787,315	2,434,257
Extraordinary income		
Gain on sale of investment securities	–	35,999
Compensation income	71,105	19,620
Gain on reversal of asset retirement obligations	19,428	–
Total extraordinary income	90,533	55,620
Extraordinary losses		
Impairment losses	–	84,325
Loss on extinguishment of tie-in shares	1,041	–
Loss on valuation of investment securities	101,330	–
Loss on retirement of non-current assets	–	4,016
Total extraordinary losses	102,371	88,342
Profit before income taxes	1,775,476	2,401,535

Continued
(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit before income taxes	1,775,476	2,401,535
Income taxes – current	645,303	1,078,532
Income taxes – deferred	(7,620)	(124,300)
Income taxes	637,683	954,232
Profit for the year	1,137,793	1,447,303
Profit (loss) attributable to:		
Non-controlling interests	(12,221)	(20,256)
Owners of parent	1,150,014	1,467,559

[Consolidated Statement of Comprehensive Income]

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit for the year	1,137,793	1,447,303
Other comprehensive income		
Remeasurements of defined benefit plans	2,824	2,224
Total other comprehensive income	2,824	2,224
Total comprehensive income	1,140,617	1,449,527
Total comprehensive income (loss) attributable to:		
Owners of parent	1,152,839	1,469,784
Non-controlling interests	(12,221)	(20,256)

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of October 1, 2019	1,414,573	1,404,573	4,823,668	(391)	7,642,423
Change during the year					
Issuance of new shares	8,390	8,390			16,780
Dividends			(531,170)		(531,170)
Profit attributable to owners of parent			1,150,014		1,150,014
Acquisition of treasury shares				(214,479)	(214,479)
Net changes in items other than shareholders' equity					
Total change during the year	8,390	8,390	618,844	(214,479)	421,146
Balance as of September 30, 2020	1,422,963	1,412,963	5,442,512	(214,870)	8,063,569

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of October 1, 2019	(2,709)	(2,709)	–	–	7,639,713
Change during the year					
Issuance of new shares					16,780
Dividends					(531,170)
Profit attributable to owners of parent					1,150,014
Acquisition of treasury shares					(214,479)
Net changes in items other than shareholders' equity	2,824	2,824		27,778	30,602
Total change during the year	2,824	2,824		27,778	451,748
Balance as of September 30, 2020	114	114	–	27,778	8,091,462

For the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of October 1, 2020	1,422,963	1,412,963	5,442,512	(214,870)	8,063,569
Change during the year					
Issuance of new shares	7,593	7,593			15,187
Dividends			(532,077)		(532,077)
Profit attributable to owners of parent			1,467,559		1,467,559
Acquisition of treasury shares				(170,302)	(170,302)
Net changes in items other than shareholders' equity					
Total change during the year	7,593	7,593	935,482	(170,302)	780,367
Balance as of September 30, 2021	1,430,557	1,420,557	6,377,994	(385,172)	8,843,936

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of October 1, 2020	114	114	—	27,778	8,091,462
Change during the year					
Issuance of new shares					15,187
Dividends					(532,077)
Profit attributable to owners of parent					1,467,559
Acquisition of treasury shares					(170,302)
Net changes in items other than shareholders' equity	2,224	2,224	11,013	(20,256)	(7,018)
Total change during the year	2,224	2,224	11,013	(20,256)	773,348
Balance as of September 30, 2021	2,339	2,339	11,013	7,521	8,864,811

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,775,476	2,401,535
Depreciation	130,569	669,044
Amortization of goodwill	18,951	256,806
Share-based payment expenses	–	11,013
Loss (gain) on sale of investment securities	–	(35,999)
Loss (gain) on valuation of investment securities	101,330	–
Loss (gain) on extinguishment of tie-in shares	1,041	–
Loss on retirement of non-current assets	–	4,016
Impairment losses	–	84,325
Gain on reversal of asset retirement obligations	(19,428)	–
Increase (decrease) in allowance for doubtful accounts	(287)	6,573
Increase (decrease) in provision for bonuses	(250)	415,261
Increase (decrease) in provision for score guarantee payments	(339)	2,222
Increase (decrease) in provision for sales returns	(340)	1,713
Increase (decrease) in retirement benefit liabilities	17,804	10,817
Increase (decrease) in provision for retirement benefits for directors	1,555	1,425
Interest income	(140)	(64)
Interest expenses	–	10,486
Commission expenses	–	4,119
Decrease (increase) in accounts receivable – trade	(43,813)	(276,744)
Decrease (increase) in inventories	27,478	(103,279)
Decrease (increase) in other assets	(13,883)	(337,187)
Increase (decrease) in accounts payable - trade	13,619	63,336
Increase (decrease) in accounts payable - other	123,290	(358,897)
Increase (decrease) in advances received	153,878	645,939
Increase (decrease) in other liabilities	109,363	148,292
Other	29,461	9,323
Subtotal	2,425,337	3,634,081
Interest received	140	64
Interest paid	–	(10,486)
Income taxes paid	(986,375)	(976,132)
Income taxes refund	20,037	–
Cash flows from operating activities	1,459,139	2,647,527

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from investing activities		
Proceeds from sale of investment securities	–	35,999
Purchase of property, plant and equipment	(344,408)	(276,868)
Purchase of intangible assets	–	(156,583)
Purchase of share of subsidiaries resulting in change in scope of consolidation	–	(1,297,308)
Payments of leasehold and guarantee deposits	(44,547)	(167,563)
Proceeds from refund of leasehold and guarantee deposits	37,864	5,147
Payments for asset retirement obligations	(16,240)	–
Others	(5,980)	(2,720)
Cash flows from investing activities	(373,312)	(1,859,896)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	2,000,000
Repayments of short-term borrowings	–	(2,000,000)
Proceeds from long-term borrowings	–	2,000,000
Repayments of long-term borrowings	–	(3,242,216)
Proceeds from issuance of shares	16,780	15,187
Purchase of treasury shares	(215,977)	(170,302)
Dividends paid	(528,765)	(531,241)
Proceeds from share issuance to non-controlling interests	40,000	–
Other	–	(3,725)
Cash flows from financing activities	(687,962)	(1,932,297)
Net increase (decrease) in cash and cash equivalents	397,864	(1,144,666)
Cash and cash equivalents at the beginning of the year	6,819,546	7,308,111
Increase in cash and cash equivalents resulting from merger	90,700	–
Cash and cash equivalents at the end of the year	7,308,111	6,163,445

(5) Notes to the Consolidated Financial Statements

[Notes Regarding Uncertainties of Entity's Ability to Continue as Going Concern]

Not applicable.

[Segment Information]

(Segment information)

Segment information is not provided, given that the Group is operating its educational service business under a single segment.

(Information associated with reportable segments)

For the fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

1. Information for each product or service

(Thousands of yen)

	School Operation Services	Education and Learning Services	Total
Revenue from external customers	10,200,879	1,642,670	11,843,549

2. Information for each region

(1) Revenue from external customers

Information is omitted because sales to external customers in Japan exceeded 90% of net sales per the consolidated statement of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment in Japan exceeded 90% of the balance of property, plant and equipment per the consolidated balance sheet.

3. Information for each of main customers

Information is omitted because there were no sales made to a single external customer accounting for more than 10% of net sales per the consolidated statement of income.

For the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

1. Information for each product or service

(Thousands of yen)

	School Operation Services	Education and Learning Services	Total
Revenue from external customers	21,834,547	4,067,063	25,901,611

2. Information for each region

(1) Revenue from external customers

Information is omitted because sales to external customers in Japan exceeded 90% of net sales per the consolidated statement of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment in Japan exceeded 90% of the balance of property, plant and equipment per the consolidated balance sheet.

3. Information for each of main customers

Information is omitted because there were no sales made to a single external customer accounting for more than 10% of net sales per the consolidated statement of income.

(Disclosure of impairment losses on non-current assets for each reportable segment)
 Segment information is not provided for the fiscal years ended September 30, 2020, and September 30, 2021, respectively, given that the Group is operating its educational service business under a single segment.

(Amortization and unamortized balance of goodwill for each reportable segment)
 Not applicable for the fiscal years ended September 30, 2020, and September 30, 2021, respectively.

(Information about gain on bargain purchase for reportable segment)
 Not applicable for the fiscal years ended September 30, 2020, and September 30, 2021, respectively.

[Per Share Information]

(Yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net assets per share	470.37	516.46
Basic earnings per share	67.08	85.41
Diluted earnings per share	64.62	82.99

The basis for the calculation of basic earnings per share and diluted earnings per share is presented below:

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Basic earnings per share	(Thousands of yen)	(Thousands of yen)
Profit attributable to owners of parent	1,150,014	1,467,559
Profit for the year not attributable to common shareholders	—	—
Profit attributable to owners of parent for common shares	1,150,014	1,467,559
	(Number of shares)	(Number of shares)
Average number of common shares outstanding during the year	17,145,041	17,181,540
Diluted earnings per share	(Thousands of yen)	(Thousands of yen)
Adjustments to profit attributable to owners of parent	—	—
	(Number of shares)	(Number of shares)
Increase in number of common shares	651,063	501,495
(Of which stock acquisition rights)	(651,063)	(501,495)
Description of diluted shares not included in diluted earnings per share as they have no dilutive effect	—	—

[Significant Subsequent Events]

Not applicable.