



Non-consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2024 [Japanese GAAP]

January 25, 2024

Company name: STEP CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 9795
 URL: <https://www.stepnet.co.jp/>
 Representative: Yousuke Endou, Representative Director and President
 Contact: Noriaki Arai, Director and Managing Executive Officer
 Phone: +81-466-20-8000
 Scheduled date of filing quarterly securities report: January 30, 2024
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results : None
 Schedule of quarterly financial results briefing session : None

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2024

(October 1, 2023 to December 31, 2023)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the first quarter ended December 31, 2023	4,118	4.8	1,454	3.2	1,475	3.9	1,015	3.7
December 31, 2022	3,931	14.5	1,408	28.5	1,420	27.7	979	27.7

	Profit per share	Diluted earnings per share
For the first quarter ended December 31, 2023	Yen 62.37	Yen —
December 31, 2022	59.03	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	29,045	26,012	89.6	1,602.77
As of September 30, 2023	28,634	25,936	90.6	1,589.89

(Reference) Equity: As of December 31, 2023: ¥ 26,012million

: As of September 30, 2023: ¥ 25,936million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended September 30, 2023	Yen —	Yen 24.00	Yen —	Yen 48.00	Yen 72.00
Fiscal year ending September 30, 2024	—				
Fiscal year ending September 30, 2024 (Forecast)		37.00	—	37.00	74.00

(Note) Revision to dividend forecast announced most recently: None

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	7,626	1.4	1,973	(13.7)	2,011	(13.0)	1,375	(13.7)	84.81
Full year	14,892	3.1	3,338	4.6	3,398	5.4	2,409	0.2	149.89

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

*Note

(1) Application of special accounting treatment for the preparation of the quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

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

As of December 31, 2023: 16,670,000 shares

As of September 30, 2023: 16,670,000 shares

2) Total number of treasury shares at the end of the period:

As of December 31, 2023: 440,558 shares

As of September 30, 2023: 356,922 shares

3) Average number of shares during the period:

As of December 31, 2023: 16,281,159 shares

As of December 31, 2022: 16,592,578 shares

*These quarterly financial results are not subject to auditing by certified public accountants or audit firms.

*Explanation on the proper use of financial results forecast and other notes.

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) Financial Forecast for 2024 ” on page 4 of this report.

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1. Qualitative Information on the Quarterly Financial Results

(1) Explanation of Operating Results

In the first quarter (October to December) of the current fiscal year, we were in the second half of the academic year, and fluctuations in the number of students are relatively low. In the first quarter of the current fiscal year, the Company's total number of students in the high school entrance examination course (for elementary and junior high school students) and university entrance examination course (for high school students) combined was 33,798 students on average (up 2.9% from the same quarter of the previous fiscal year), indicating steady growth.

In late December, at the end of the first quarter of the current fiscal year, a winter course is offered. We plan to enhance our activities for increasing students of our cram schools, as there is a recovery trend although there remain some effects on business conditions by inflation and other factors.

In February during the second quarter following the first quarter, entrance exams are held at public high schools in Kanagawa Prefecture and at private and national high schools in the Tokyo metropolitan area, and the announcements of its results will be held simultaneously. The passing results of STEP students in the results of these entrance exams have a significant impact on student recruitment over the next year. In the current fiscal year, we will continue to improve our academic guidance and provide highly accurate career guidance based on in-depth data in order to achieve better results of entrance exams than those in the previous term, in which the record-high number of successful applicants to top schools was recorded. On the other hand, we do not pursue merely the number of successful applicants. We do not unreasonably lead students to highly-ranking schools or make them apply for more high schools than necessary for the sake of results, but provide meticulous guidance according to the feelings and stances of respective students and their family members. Based on guidance with this kind of earnest approach, we gained trust from families and locals, which also encourages students to advance to the university entrance examination course and their younger siblings to join our school.

In the university entrance examination course (for high school students), we will continue to strengthen a system that can respond to the needs of high school students who wish to "pass the university exams while enjoying high school activities including club activities and school events." While the number of leading cram schools decreased in Kanagawa Prefecture, we will continue to further enhance our teaching content. In addition, we will further strengthen our position as one of the leading live cram schools which support public high school students.

In the after-school care course, the two classrooms in Fujisawa City, which have already moved into the black, are continuously attracting students in a healthy manner. This fiscal year, STEP Kids Chigasaki School (Chigasaki City), too, is expected to move into the black. Regarding STEP Kids Hakuraku School, which was opened as the first school in Yokohama City in the previous fiscal year, we will brush up our operation in Yokohama City, where a public after-school childcare facility is established for each elementary school, and accumulate know-how for business operation in Yokohama City.

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.

During the current fiscal year, four new schools in the high school entrance examination course are scheduled to open in March. We have decided to open 2 schools in Kawasaki City and 2 schools in Yokohama City, including Kashimada School for the STEP high school entrance examination course (Saiwai Ward, Kawasaki City), Hi-STEP Shin-yurigaoka School (Asao Ward, Kawasaki City), Higashi-Totsuka Hirado School for the STEP high school entrance examination course (Totsuka Ward, Yokohama City), and Hiyoshi-honcho School for the STEP high school entrance examination course (Kohoku Ward, Yokohama City). Kashimada School is located in the vicinity of the JR Nambu Line, around which we focus on opening new schools, and it is the second school in Saiwai Ward (or the first, if Hi-STEP schools are excluded). Hi-STEP Shin-yurigaoka School is located across the station from Shin-yurigaoka School for the STEP high school entrance examination course, which is always fully occupied, so it is the first Hi-STEP school in the vicinity of a normal school in Kawasaki City. Hiyoshi-honcho School is located close to Hiyoshidai Junior High School, in which over 1,000 students are enrolled (the fifth largest number of students among public junior high schools in Kanagawa Prefecture). Higashi-Totsuka Hirado School is located across Higashi-Totsuka Station from Higashi-Totsuka School, which has an increasing number of students, (renamed Higashi-Totsuka Nase School, when Higashi-Totsuka Hirado School was opened). It is expected that these schools will attract students more effectively, by targeting different junior high schools.

Our existing schools will further enhance their trust from their communities and work to improve their occupancy level. In November 2023, we increased floor space in Sagami-ono School for the STEP university entrance examination course, and in April 2024, we plan to enlarge Yokosuka School for the STEP university entrance examination course. We plan to continue to consider adding classes, increasing floor space and relocating school buildings where we have not been able to accept enrollment requests due to full capacity.

As a result, net sales in the first quarter of the current fiscal year were 4,118 million yen (up 4.8% year-on-year), operating profit was 1,454 million yen (up 3.2% year-on-year), ordinary profit was 1,475 million yen (up 3.9% year-on-year), and profit was 1,015 million yen (up 3.7% year-on-year).

(2) Explanation of Financial Condition

(Assets)

Total assets at the end of the first quarter of the current fiscal year were 29,045 million yen, up 411 million yen from the end of the previous fiscal year.

Current assets increased 280 million yen from the end of the previous fiscal year to 10,438 million yen, mainly owing to an increase in accounts receivable-trade.

Non-current assets increased 131 million yen from the end of the previous fiscal year to 18,607 million yen, mainly as a result of an increase in deferred tax assets.

(Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year were 3,033 million yen, up 335 million yen from the end of the previous fiscal year.

Current liabilities increased 357 million yen from the end of the previous fiscal year to 2,370 million yen because of an increase in provision for bonuses, despite a decrease in deposits received.

Non-current liabilities decreased 21 million yen from the end of the previous fiscal year to 663 million yen, mainly from the repayment of long-term borrowings.

(Net assets)

Net assets at the end of the first quarter of the current fiscal year increased 76 million yen from the end of the previous fiscal year to 26,012 million yen, mainly due to the recording of profit, despite the payment of dividends.

The equity ratio decreased 1.0 points from the end of the previous fiscal year to 89.6%.

(3) Financial Forecast for 2024

The forecasts for the fiscal year ending September 30, 2024 remains unchanged from that stated in the "Summary of Financial Results for the Fiscal Year Ended September 30, 2023 [Japan GAAP] (Non-consolidated)" dated October 31, 2023.

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousand yen)

	As of September 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	9,725,936	9,520,002
Accounts receivable-trade	83,136	119,864
Inventories	37,762	47,915
Other	311,589	751,171
Allowance for doubtful accounts	(440)	(635)
Total current assets	10,157,983	10,438,319
Non-current assets		
Property, plant and equipment		
Buildings, net	7,444,007	7,425,520
Land	8,616,896	8,616,896
Other, net	210,006	216,708
Total property, plant and equipment	16,270,910	16,259,126
Intangible assets	67,015	124,217
Investments and other assets		
Leasehold and guarantee deposits	643,147	657,210
Other	1,495,031	1,566,948
Total investments and other assets	2,138,178	2,224,158
Total non-current assets	18,476,104	18,607,502
Total assets	28,634,088	29,045,821
Liabilities		
Current liabilities		
Current portion of long-term borrowings	104,700	104,700
Lease obligations	18,537	18,235
Accounts payable-other	185,181	212,721
Income taxes payable	385,403	591,106
Provision for bonuses	99,389	349,520
Other	1,220,337	1,094,325
Total current liabilities	2,013,547	2,370,609
Non-current liabilities		
Long-term borrowings	140,600	114,425
Lease obligations	48,036	43,634
Provision for retirement benefits for directors	129,800	129,800
Asset retirement obligation	351,726	361,083
Other	14,330	14,132
Total non-current liabilities	684,492	663,075
Total liabilities	2,698,040	3,033,685

(Thousand yen)

	As of September 30, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Capital stock	1,778,330	1,778,330
Capital surplus	2,131,859	2,131,859
Retained earnings brought forward	22,624,220	22,856,624
Treasury stock	(603,391)	(758,938)
Total shareholders' equity	25,931,017	26,007,875
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,029	4,261
Total valuation and translation adjustments	5,029	4,261
Total net assets	25,936,047	26,012,136
Total liabilities and net assets	28,634,088	29,045,821

(2) Quarterly Statements of income
(For the Three-month Period)

(Thousand yen)

	For the three months ended December 31, 2022	For the three months ended December 31, 2023
Net sales	3,931,581	4,118,476
Cost of sales	2,331,132	2,451,283
Gross profit	1,600,449	1,667,192
Selling, general and administrative expenses	191,774	212,824
Operating profit	1,408,675	1,454,368
Non-operating income		
Interest income	2	4
Subsidy income	5,681	6,368
Rental income from buildings	26,784	26,996
Other	1,992	4,436
Total non-operating income	34,461	37,805
Non-operating expenses		
Interest expenses	156	111
Rental expenses	22,135	15,449
Other	379	855
Total non-operating expenses	22,672	16,416
Ordinary profit	1,420,464	1,475,756
Profit before income taxes	1,420,464	1,475,756
Income taxes-current	518,845	547,843
Income taxes-deferred	(77,808)	(87,519)
Total income taxes	441,036	460,324
Profit	979,427	1,015,432

(3) Notes to Quarterly 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 three months of the fiscal year under review are shown below by business segment.

Segment	Three months ended December 31,2023 (Thousand yen)	Year-on-year changes (%)
High school entrance examination course	3,256,444	104.3
University entrance examination course	862,032	106.6
Total	4,118,476	104.8