



Non-consolidated Financial Results for the Six Months Ended March 31, 2026 (Under Japanese GAAP)

April 23, 2026

Company name: STEP CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 9795
 URL: <https://www.stepnet.co.jp/>
 Representative: Yousuke Endou, Representative Director and President
 Inquiries: Noriaki Arai, Director and Managing Executive Officer
 Telephone: +81-466-20-8000
 Scheduled date to file semi-annual securities report: May 8, 2026
 Scheduled date to commence dividend payments: May 11, 2026
 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, 2026 (from October 1, 2025 to March 31, 2026)

(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, 2026	8,356	2.4	2,380	1.2	2,426	1.2	1,697	2.7
March 31, 2025	8,159	6.0	2,352	5.3	2,398	5.3	1,652	5.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2026	108.55	—
March 31, 2025	104.28	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2026	30,618	27,743	90.6
September 30, 2025	30,571	27,422	89.7

Reference: Equity

As of March 31, 2026: ¥ 27,743 million

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

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, 2025	—	40.00	—	45.00	85.00
Fiscal year ending September 30, 2026	—	44.00			
Fiscal year ending September 30, 2026 (Forecast)			—	44.00	88.00

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, 2026 (October 1, 2025 to September 30, 2026)

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,494	4.1	3,942	4.3	4,022	4.0	2,754	2.4	176.51

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, 2026	16,670,000 shares
As of September 30, 2025	16,670,000 shares

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

As of March 31, 2026	1,171,572 shares
As of September 30, 2025	898,671 shares

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

Six months ended March 31, 2026	15,635,915 shares
Six months ended March 31, 2025	15,845,407 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, 1,404 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 37 students from 1,367 students in the previous fiscal year), and the number of STEP students who passed the entrance exam was the largest for the first time for the 8 schools among all the tutoring schools. STEP students accounted for 53.3% (over half) of all of the students who passed the entrance exams for the above 8 preparatory schools.

At Tama High School in Kawasaki City, a school designated as a preparatory school that is particularly focused on improving academic performance, the number of STEP students who passed the entrance exam reached 113, the same number of the previous year, making us the top-ranked tutoring school for two consecutive years in terms of successful applicants. Kawasaki City is an area where we have been actively opening new schools in recent years, and while we are still in the process of developing a school network, achieving the highest number of students who passed the entrance exam for two consecutive years is expected to further accelerate STEP's growth and presence 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 (the same number of the previous year) passed the entrance exams for 10 schools. STEP students accounted for 42.0% of all of the students admitted to the 10 schools.

Regarding private high schools, the number of STEP students who passed the entrance exam of Keio Senior High School, which is the most difficult for junior high school students to enter among high schools in Kanagawa Prefecture, reached 71, hitting a record high. In addition, a total of 431 STEP students have passed the challenging entrance exam of Hosei University Daini Senior High School, Hosei University Kokusai High School, or Chuo University Yokohama Senior High School in Kanagawa Prefecture.

As for the national high school entrance exam, the record-high number of 235 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), making us the top tutoring school among all tutoring schools for 18 consecutive years. 190 passers, excluding waitlisted applicants, account for 46.8% of a total of 406 students who passed the exam, meaning that STEP accounts for almost half of students who passed the school.

The university entrance examination course (for high school students) was successful also this spring. We were able to pass 14 high school students for the University of Tokyo, 4 for Kyoto University, 19 for Hitotsubashi University, and 32 for Institute of Science Tokyo. The total number of students who passed any of these 4 universities reached 69, hitting a record high. In addition, 6 high school 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 383. In terms of private universities, the number of students who passed the entrance exams at Waseda University, Keio University and Sophia University was 787, hitting a record high, and the number for the so-called Ridai MARCH (Tokyo University of Science, Meiji, Aoyama Gakuin, Rikkyo, Chuo, and Hosei) was 2,220.

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. 62 out of 69 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.

We do not give instructions for taking the entrance exam of a private junior high school, but we provide fifth and sixth graders with a course for passing an aptitude test for gaining admission to a prefectural secondary school in Kanagawa Prefecture (courses for 12 schools). The two prefectural secondary schools are popular among public schools that offer middle and high school education, and the ratio of passers to applicants is around 25%. This spring, 42 STEP students passed the entrance exam of Sagami-hara Secondary School, marking a record high, and 26 STEP students got admitted to Hiratsuka Secondary School (the quota is 160 students each).

The learning for the aptitude tests of prefectural secondary schools includes some elements that are useful for the special “tokushoku kensa test” (writing test) in entrance exams of public high schools, so we give guidance while keeping it in mind. Accordingly, most of students who unfortunately failed to pass the entrance exam of a prefectural secondary school advance to the high school entrance examination course, and continue learning activities with the aim of passing the entrance exam of a high school.

In the after-school care course, the recruitment of students for each classroom has been progressing in a healthy manner. The number of students as of March 31, 2026 is 661, hitting a record high.

STEP Kids Shonandai School opened in the spring of 2025 welcomes its second year, and now accepts first to third graders. In 2027, they will accept applications from fourth graders, covering all grades targeted by STEP Kids. In addition, STEP Kids Shonan School North Exit branch, which used to be operated as a branch of STEP Kids Shonan School, became an independent school under the name of STEP Kids Fujisawa Station North Exit School this spring as the number of students increased, so we now have 6 schools for the after-school care course.

While refining our 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 Kawasaki School (Kawasaki Station on the JR Line) in March and will open Tomioka School (Keikyu Tomioka Station on the Keikyu Line) in July for the high school entrance examination course.

Kawasaki School was the first school in Kawasaki Ward, Kawasaki City, located just a one-minute walk from Kawasaki Station. Following Hi-STEP Kawasaki School, this was the second school in the Kawasaki Station area. With both the high school entrance examination course and Hi-STEP programs centered around Kawasaki Station, a comprehensive system capable of supporting a wide range of high school entrance exam needs has been realized.

Tomioka School, which will open from the summer course, will be the second school in Kanazawa Ward, Yokohama City, following Hi-STEP Kanazawa Bunko School.

Including the two schools mentioned above, we will continue to advance the opening of new schools in the Kawasaki area and the eastern and southern parts of Yokohama, where significant potential for new school openings exists.

In March, we relocated the Step Center Minami School for the university entrance exam course, located in Tsuzuki Ward, Yokohama City, to a nearby location. The former school building housed both the high school entrance examination course and Hi-STEP programs. However, due to the increasing number of students advancing from the high school entrance examination course to the university entrance examination course, the Step Center Minami School had been at full capacity for an extended period, preventing us from accepting new applicants. This relocation will allow us to increase enrollment for the university entrance examination course, resolving the full capacity issue.

Additionally, we can spare more space for the high school entrance examination course and Hi-STEP programs, enhancing the overall learning environment.

In March, we enlarged Hashimoto School for the high school entrance examination course in Sagamihara City. Hashimoto School had been always at full capacity, but we expect that this enlargement will allow more students to attend our classes.

Regarding the situation of student recruitment, the average number of students in the interim accounting period under review was up 2.6% year on year.

In the new academic year, the number of elementary school students has increased favorably. In particular, the number of fifth graders has increased, showing a growing trend in which students enroll in a tutoring school early. Meanwhile, the number of junior high school students varies among regions. The schools in Yokohama and Kawasaki see healthy numbers, but the number of new students is stagnant in western and central areas of the prefecture where the number of children is decreasing rapidly.

In the university entrance examination course, 9 out of 15 schools are full for first grade high school students 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.

As a result, regarding the financial results for the six months ended March 31, 2026, net sales were 8,356 million yen (up 2.4% year-on-year), operating profit was 2,380 million yen (up 1.2% year-on-year), ordinary profit was 2,426 million yen (up 1.2% year-on-year), and profit was 1,697 million yen (up 2.7% 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 30,618 million yen, an increase of 47 million yen from the end of the previous fiscal year.

Current assets decreased 57 million yen from the end of the previous fiscal year to 8,530 million yen, mainly due to a decrease in cash and deposits.

Non-current assets increased 105 million yen from the end of the previous fiscal year, to 22,087 million yen, mainly due to an increase in investment securities.

(Liabilities)

Liabilities at the end of the first half decreased 273 million yen from the end of the previous fiscal year, to 2,875 million yen.

Current liabilities decreased 275 million yen from the end of the previous fiscal year to 2,094 million yen, mainly due to a decrease in advances received.

Non-current liabilities increased 2 million yen from the end of the previous fiscal year to 780 million yen, mainly from the asset retirement obligations.

(Net assets)

Net assets at the end of the first half increased 320 million yen from the end of the previous fiscal year to 27,743 million yen, mainly due to the recording of net income, despite the payment of dividends.

As a result, the equity ratio was 90.6%, up by 0.9 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 decreased 3,470 million yen (down 35.4% year-on-year) to 6,320 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,575 million yen (up 1.4% year-on-year).

This was mainly attributable to profit before income taxes of 2,456 million yen, depreciation of 273 million yen, which were offset by increase in trade receivable 164 million yen and income taxes paid of 639 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,625 million yen (up 907.3% year-on-year).

This was mainly due to payments into time deposits of 1,000 million yen, purchase of investment securities of 500 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,208 million yen (up 19.4% year-on-year).

This was mainly attributable to purchase of treasury shares of 671 million yen and cash dividends paid of 707 million yen.

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

The forecasts for the fiscal year ending September 30, 2026 remains unchanged from that stated in the “Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2025 (Under Japanese GAAP)” dated October 30, 2025.

We opened only a few new schools in the previous fiscal year, and positioned it as a period in which we enhanced our teaching. We continue to adopt this policy also in this fiscal year. 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, and we will further enhance teacher training.

As demonstrated by our results in the previous fiscal year, we can steadily 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. Including the two new schools, we expect student enrollment to continue growing in this fiscal year.

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 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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	7,844,335	7,586,842
Accounts receivable-trade	95,400	238,577
Inventories	37,657	92,306
Other	611,607	613,381
Allowance for doubtful accounts	(352)	(194)
Total current assets	8,588,647	8,530,912
Non-current assets		
Property, plant and equipment		
Buildings, net	7,206,168	7,094,538
Land	8,616,896	8,596,007
Other, net	169,719	159,300
Total property, plant and equipment	15,992,784	15,849,846
Intangible assets	123,243	120,597
Investments and other assets		
Investment securities	4,700,119	4,993,067
Leasehold and guarantee deposits	662,208	694,706
Other	504,067	429,286
Total investments and other assets	5,866,395	6,117,060
Total non-current assets	21,982,422	22,087,504
Total assets	30,571,070	30,618,416
Liabilities		
Current liabilities		
Current portion of long-term borrowings	70,836	52,086
Lease obligations	17,462	14,494
Accounts payable-other	181,664	193,719
Income taxes payable	715,129	840,253
Provision for bonuses	105,239	23,995
Other	1,279,629	969,894
Total current liabilities	2,369,961	2,094,443
Non-current liabilities		
Long-term borrowings	33,328	16,660
Lease obligations	20,621	19,280
Provision for retirement benefits for directors	129,800	129,800
Asset retirement obligation	580,972	601,351
Other	13,753	13,770
Total non-current liabilities	778,475	780,862
Total liabilities	3,148,436	2,875,305

(Thousands of yen)

	As of September 30, 2025	As of March 31, 2026
Net assets		
Shareholders' equity		
Share capital	1,778,330	1,778,330
Capital surplus	2,174,412	2,174,412
Retained earnings	25,172,062	26,159,582
Treasury shares	(1,716,500)	(2,388,416)
Total shareholders' equity	27,408,304	27,723,908
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,329	19,202
Total valuation and translation adjustments	14,329	19,202
Total net assets	27,422,634	27,743,111
Total liabilities and net assets	30,571,070	30,618,416

(2) Non-consolidated Interim Statements of Income

(Thousands of yen)

	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Net sales	8,159,302	8,356,911
Cost of sales	5,352,241	5,480,595
Gross profit	2,807,060	2,876,315
Selling, general and administrative expenses	454,681	496,069
Operating profit	2,352,379	2,380,246
Non-operating income		
Interest income	1,290	5,885
Interest on securities	7,098	22,565
Subsidy income	13,799	10,701
Rental income from buildings	53,583	53,774
Other	21,750	4,287
Total non-operating income	97,521	97,213
Non-operating expenses		
Interest expenses	457	257
Rental expenses	50,286	32,257
Loss on investments in investment partnerships	—	12,364
Other	824	6,024
Total non-operating expenses	51,567	50,903
Ordinary profit	2,398,333	2,426,555
Extraordinary income		
Gain on sales of non-current assets	—	29,763
Total extraordinary income	—	29,763
Profit before income taxes	2,398,333	2,456,319
Income taxes-current	742,241	758,691
Income taxes-deferred	3,785	397
Total income taxes	746,026	759,089
Profit	1,652,307	1,697,230

(3) Non-consolidated Interim Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	2,398,333	2,456,319
Depreciation	257,911	273,366
Increase (decrease) in allowance for doubtful accounts	(158)	(158)
Increase (decrease) in provision for bonuses	(80,935)	(81,243)
Interest and dividends income	(8,778)	(28,960)
Interest expenses	457	257
Gain on sale of non-current assets	—	(29,763)
Subsidy income	(13,799)	(10,701)
Decrease (increase) in trade receivables	(169,192)	(164,047)
Decrease (increase) in inventories	(42,035)	(54,648)
Increase (decrease) in accounts payable- other	(59,530)	(30,231)
Increase (decrease) in advances received	(143,240)	(157,464)
Other, net	19,298	1,997
Subtotal	2,158,328	2,174,722
Interest and dividends received	9,546	25,555
Interest paid	(437)	(241)
Subsidies received	15,983	14,051
Income taxes paid	(629,834)	(639,002)
Net cash provided by (used in) operating activities	1,553,586	1,575,085
Cash flows from investing activities		
Payments into time deposits	—	(1,000,000)
Purchase of property, plant and equipment	(145,404)	(162,197)
Proceeds from sale of property, plant and equipment	—	72,127
Purchase of intangible assets	(5,049)	—
Purchase of investment securities	(5,400)	(500,000)
Proceeds from collection of loans receivable	776	1,787
Payments of leasehold and guarantee deposits	(8,365)	(34,289)
Proceeds from refund of leasehold and guarantee deposits	6,102	999
Other, net	(4,022)	(3,878)
Net cash provided by (used in) investment activities	(161,362)	(1,625,451)
Cash flows from financing activities		
Repayments of long-term borrowings	(69,018)	(35,418)
Repayments of finance lease liabilities	(9,593)	(9,635)
Purchase of treasury shares	(149,885)	(671,916)
Decrease (increase) in deposits for acquisition treasury shares	(149,228)	215,978
Dividends paid	(634,424)	(707,922)
Net cash provided by (used in) financing activities	(1,012,150)	(1,208,913)
Net increase (decrease) in cash and cash equivalents	380,073	(1,259,279)
Cash and cash equivalents at beginning of period	9,410,457	7,579,640
Cash and cash equivalents at end of period	9,790,531	6,320,360

(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 31,2026 (Thousands of yen)	Year-on-year changes (%)
High school entrance examination course	6,581,337	102.4
University entrance examination course	1,775,573	102.6
Total	8,356,911	102.4