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Non-consolidated Financial Results for the Nine Months Ended June 30, 2026 (Under Japanese GAAP)

July 30, 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 commence dividend payments: —
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

1. Non-consolidated financial results for the nine months ended June 30, 2026 (from October 1, 2025 to June 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	12,220	3.6	3,026	6.3	3,089	6.7	2,152	8.2
June 30, 2025	11,798	5.5	2,848	4.3	2,894	4.3	1,989	4.4

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2026	138.09	—
June 30, 2025	125.81	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	30,126	27,514	91.3
September 30, 2025	30,571	27,422	89.7

Reference: Equity
As of June 30, 2026: ¥ 27,514million
As of September 30, 2025: ¥ 27,422million

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)

(% indicates 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

*Note

(1) Adoption of accounting treatment specific to the preparation of quarterly 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 June 30, 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 June 30, 2026	1,175,772 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)

Nine months ended June 30, 2026	15,589,002 shares
Nine months ended June 30, 2025	15,816,463 shares

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 "Qualitative Information on the Quarterly Financial Results (3) Explanation of forward-looking statements including business forecasts" on page 4 of this report.

Table of Contents of Appendix

1. Qualitative Information on the Quarterly Financial Results

(1) Explanation of Operating Results

Regarding the recruitment of students, the average number of students during the third quarter was up 2.7% year on year, and the number of students as of the end of June exceeded 36,200.

Regarding the number of students in each grade, the number of elementary school students keeps growing steadily, and there remains a trend in which children enroll in a tutoring school early when they are still elementary school students, to prepare for the entrance exam for high school. On the other hand, the number of junior high school students varies among regions. In the Yokohama-Kawasaki region, the number of students is increasing steadily, but in the western and central regions of the prefecture, where birth rate is declining rapidly, we face difficulty in student recruitment.

The university entrance examination course (for high school students) is healthy this fiscal year as well, because the number of students, mainly those who have advanced from the high school entrance examination course, as of the end of June was up 4.6% year on year.

The results of entrance exams this spring were favorable.

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 (2,633) 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.

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.

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 June 30, 2026 is 683 (up 11.8% year-on-year), 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 late March of 2027, we plan to open “STEP Kids Tsujido Station South Exit School” (Tsujido Station on the JR Line), to cover many elementary schools in the Tsujido area, together with the existing Tsujido School, which is located to the north of the station.

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 opened 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 opened in July before the summer course began, is 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 with this enlargement, we are now able to accommodate even more students.

In the third quarter, we recorded net sales of 12,220 million yen (up 3.6% year on year), operating profit of 3,026 million yen (up 6.3% year on year), ordinary profit of 3,089 million yen (up 6.7% year on year), and profit of 2,152 million yen (up 8.2% year on year).

(2) Explanation of Financial Condition

(Assets)

Total assets at the end of the third quarter stood at 30,126 million yen, a decrease of 444 million yen from the end of the previous fiscal year.

Current assets decreased 1,519 million yen from the end of the previous fiscal year to 7,068 million yen because of a decrease in cash and deposits, despite an increase in accounts receivable-trade.

Non-current assets increased 1,075 million yen from the end of the previous fiscal year to 23,057 million yen because of an increase in investment securities, despite a decrease in buildings.

(Liabilities)

Liabilities at the end of the third quarter decreased 536 million yen from the end of the previous fiscal year to 2,611 million yen.

Current liabilities decreased 550 million yen from the end of the previous fiscal year to 1,819 million yen because of a decrease in advances received, Income taxes payable, despite an increase provision for bonuses.

Non-current liabilities increased 13 million yen from the end of the previous fiscal year to 792 million yen, mainly due to an increase in asset retirement obligation.

(Net assets)

Net assets at the end of the third quarter increased 92 million yen from the end of the previous fiscal year to 27,514 million yen, mainly due to the recording of quarterly profit, despite the payment of dividends, purchase of treasury shares.

As a result, the equity ratio was 91.3%, up 1.6 percentage points from the end of the previous fiscal year.

(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.

We plan to 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. The number of students, including those in the two new schools for the high school entrance examination course, is expected to keep growing this fiscal year as well.

Regarding the high school entrance examination course (for elementary and junior high school students), our mid-term challenge is to form a school network in Kawasaki City, which has the most student-age population next to Yokohama City in Kanagawa Prefecture, and in the eastern, coastal, and southern areas of 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.

Regarding the university entrance examination course (for high school students), we are preparing for opening a new school for the first time in eight years next spring. We operate classes under the long-term policy of developing a foothold for the university entrance examination course that will remain firm amid the declining birthrate, by establishing a network which enables the students of highly regarded public schools in the prefecture to attend a cram school.

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousands of yen)

	As of September 30, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	7,844,335	5,911,595
Accounts receivable-trade	95,400	228,764
Securities	—	500,000
Inventories	37,657	72,057
Other	611,607	356,704
Allowance for doubtful accounts	(352)	(380)
Total current assets	8,588,647	7,068,741
Non-current assets		
Property, plant and equipment		
Buildings, net	7,206,168	7,064,995
Land	8,616,896	8,596,007
Other, net	169,719	164,223
Total property, plant and equipment	15,992,784	15,825,226
Intangible assets	123,243	119,580
Investments and other assets		
Investment securities	4,700,119	5,920,504
Leasehold and guarantee deposits	662,208	696,157
Other	504,067	496,165
Total investments and other assets	5,866,395	7,112,826
Total non-current assets	21,982,422	23,057,633
Total assets	30,571,070	30,126,375
Liabilities		
Current liabilities		
Current portion of long-term borrowings	70,836	42,711
Lease obligations	17,462	16,013
Accounts payable-other	181,664	201,247
Income taxes payable	715,129	524,412
Provision for bonuses	105,239	348,718
Other	1,279,629	686,401
Total current liabilities	2,369,961	1,819,505
Non-current liabilities		
Long-term borrowings	33,328	8,326
Lease obligations	20,621	30,045
Provision for retirement benefits for directors	129,800	129,800
Asset retirement obligation	580,972	609,210
Other	13,753	14,663
Total non-current liabilities	778,475	792,045
Total liabilities	3,148,436	2,611,550

(Thousands of yen)

	As of September 30, 2025	As of June 30, 2026
Net assets		
Shareholders’ equity		
Capital stock	1,778,330	1,778,330
Capital surplus	2,174,412	2,174,412
Retained earnings	25,172,062	25,923,926
Treasury shares	(1,716,500)	(2,388,416)
Total shareholders’ equity	27,408,304	27,488,252
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,329	26,572
Total valuation and translation adjustments	14,329	26,572
Total net assets	27,422,634	27,514,825
Total liabilities and net assets	30,571,070	30,126,375

(2) Quarterly Statements of income

Nine months Ended June 30

(Thousands of yen)

	For the nine months ended June 30, 2025	For the nine months ended June 30, 2026
Net sales	11,798,713	12,220,905
Cost of sales	8,245,901	8,450,328
Gross profit	3,552,812	3,770,576
Selling, general and administrative expenses	704,436	743,858
Operating profit	2,848,376	3,026,718
Non-operating income		
Interest income	1,521	7,482
Interest on securities	11,474	37,608
Subsidy income	16,912	9,861
Rental income from buildings	79,817	81,694
Other	24,461	6,827
Total non-operating income	134,187	143,475
Non-operating expenses		
Interest expenses	646	353
Rental expenses	81,272	61,775
Loss on investments in investment partnerships	—	12,364
Other	6,074	6,024
Total non-operating expenses	87,993	80,518
Ordinary profit	2,894,570	3,089,676
Extraordinary income		
Gain on sales of non-current assets	—	29,763
Total extraordinary income	—	29,763
Profit before income taxes	2,894,570	3,119,440
Income taxes-current	995,680	1,068,322
Income taxes-deferred	(90,978)	(101,507)
Total income taxes	904,702	966,815
Profit	1,989,868	2,152,625

(3) Notes to Quarterly Financial Statements

(Significant matters that serve as the basis for the preparation of quarterly non-consolidated financial statements)

The quarterly non-consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements, and accounting standards for quarterly financial statements that are generally accepted as fair and appropriate in Japan.

(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.

(Notes to Statements of Cash Flows)

We have not produced the quarterly statement of cash flows for the third quarter under review. Depreciation in the third quarter under review (including depreciation related to intangible assets) is as described below.

	For the nine months ended June 30, 2025 (Thousands of yen)	For the nine months ended June 30, 2026 (Thousands of yen)
Depreciation	389,800	407,934

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 nine months of the fiscal year under review are shown below by business segment.

Segment	Nine months ended June 30,2026 (Thousands of yen)	Year-on-year changes (%)
High school entrance examination course	9,549,726	102.9
University entrance examination course	2,671,179	106.1
Total	12,220,905	103.6