

Securities code: 9470

**Gakken**

**Financial Results for the Fiscal Year  
Ended September 30, 2021**

**November 25, 2021**

**Gakken Holdings Co., Ltd.**

# Contents

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1. Financial Results for the Fiscal Year Ended September 30, 2021
2. Progress of Gakken 2023 Plan for the Fiscal Year Ending September 30, 2022



# Financial Results for the Fiscal Year Ended September 30, 2021

Yoshinobu Adachi  
Director

## Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2021

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**Double-digit increase in profit** despite the COVID-19 pandemic

**Net  
sales**

**150,288** million yen  
(**4.7%** increase year on year)

**Operating  
profit**

**6,239** million yen  
(**22.9%** increase year on year)

**Ordinary  
profit**

**6,126** million yen  
(**16.2%** increase year on year)

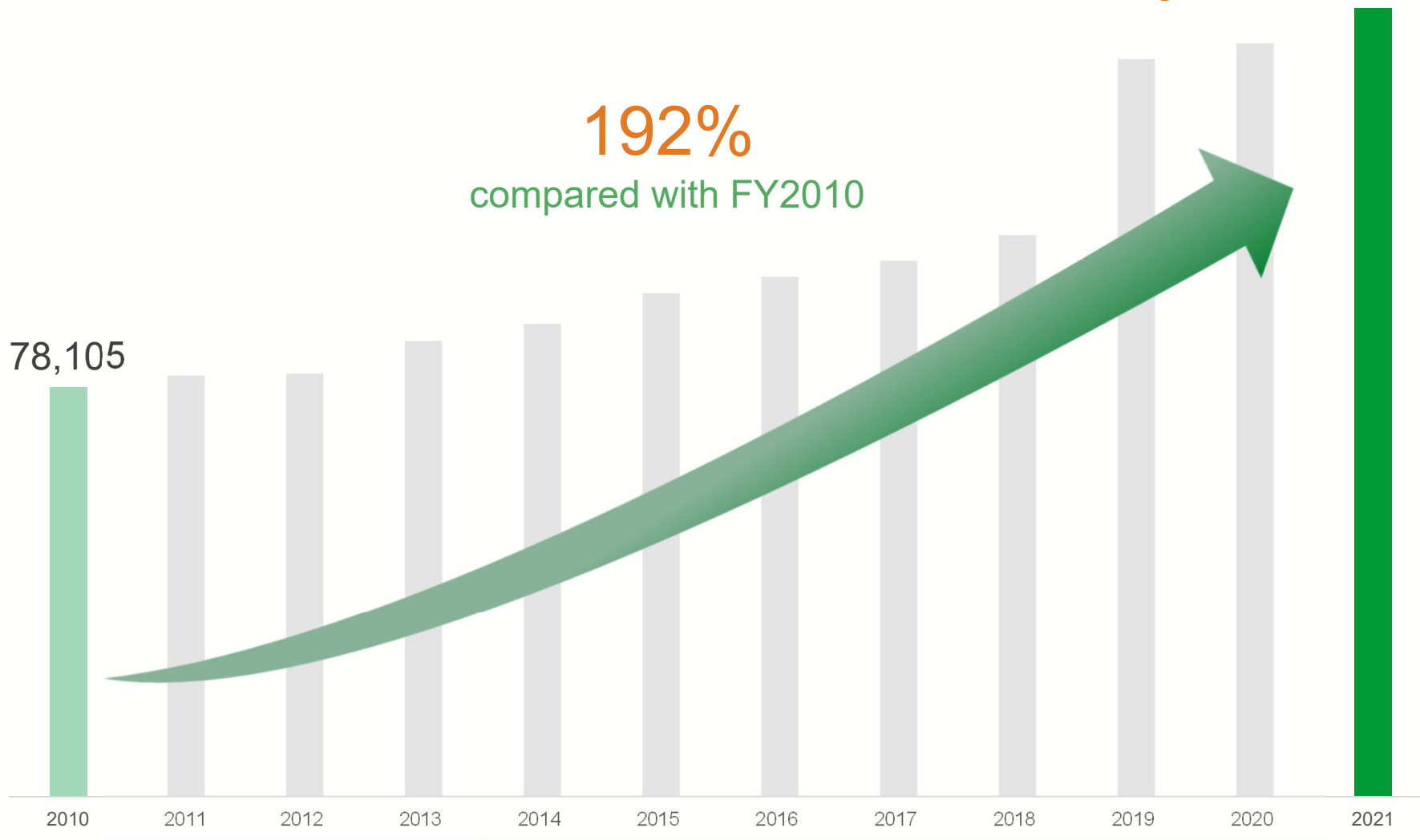
**Profit  
attributable  
to owners of  
parent**

**2,617** million yen  
(**12.7%** increase year on year)

# Net Sales Trends

(Million yen)

**Revenue increased for the 12th consecutive year 150,288**



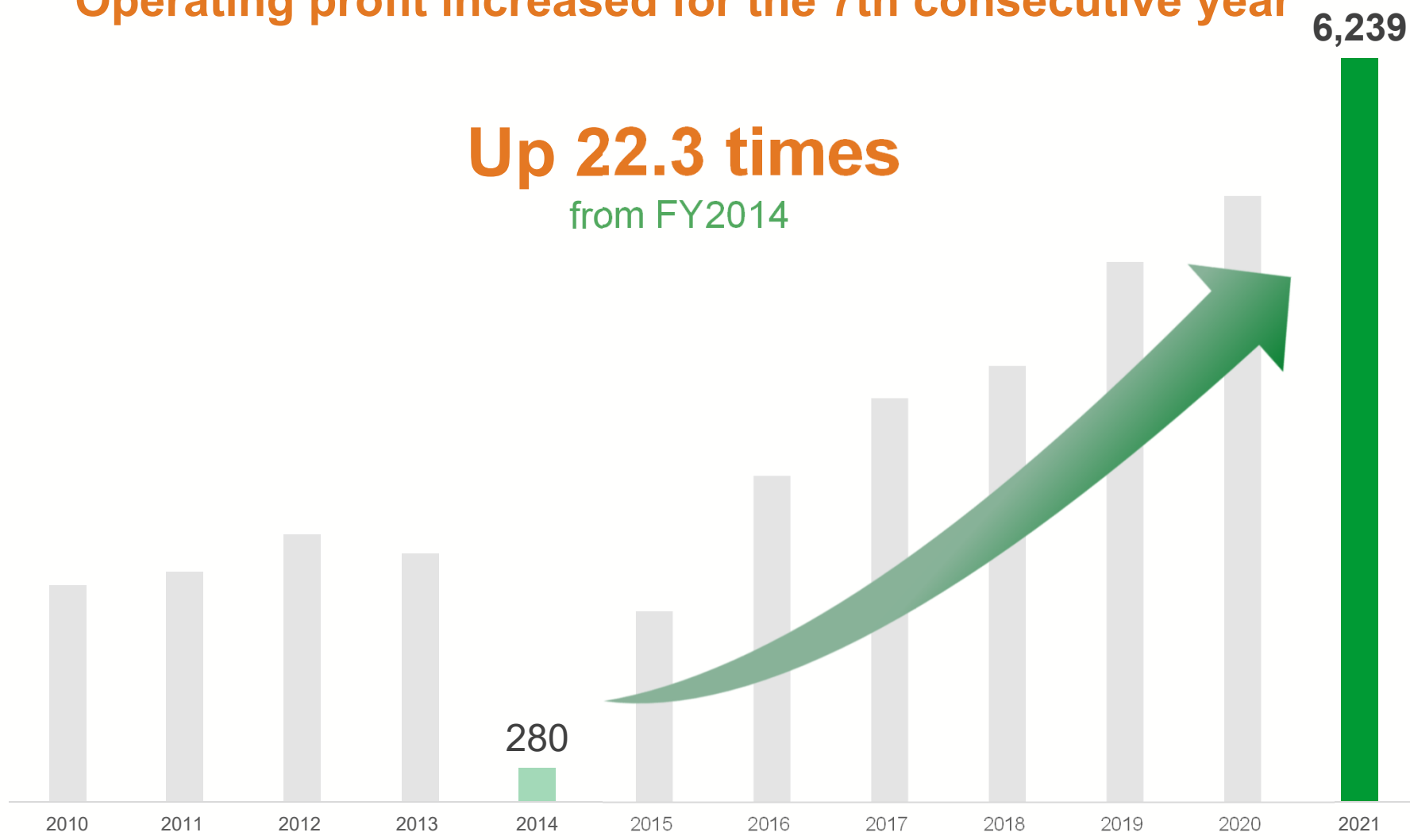
# Operating Profit Trends

(Million yen)

Operating profit increased for the 7th consecutive year

Up 22.3 times

from FY2014



# Factors Behind Changes in Operating Profit (Year on Year)

(Million yen)

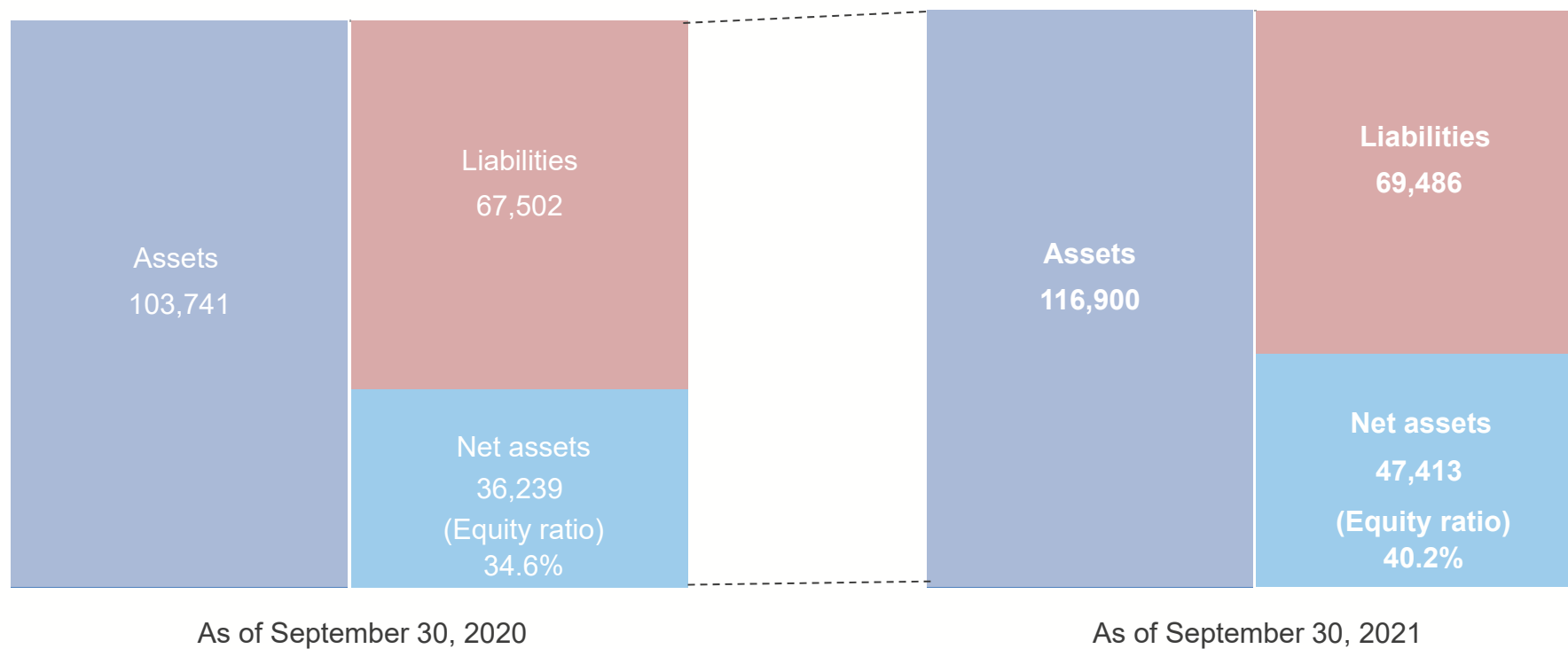
Profit margin increased due to an increase in net sales



# Consolidated Financial Position

(Million yen)

- Increase in assets due to acquisition of JP-HOLDINGS shares
- Increase in net assets due to social equity financing (equity ratio for FYE Sep. 2021: 40.2%)

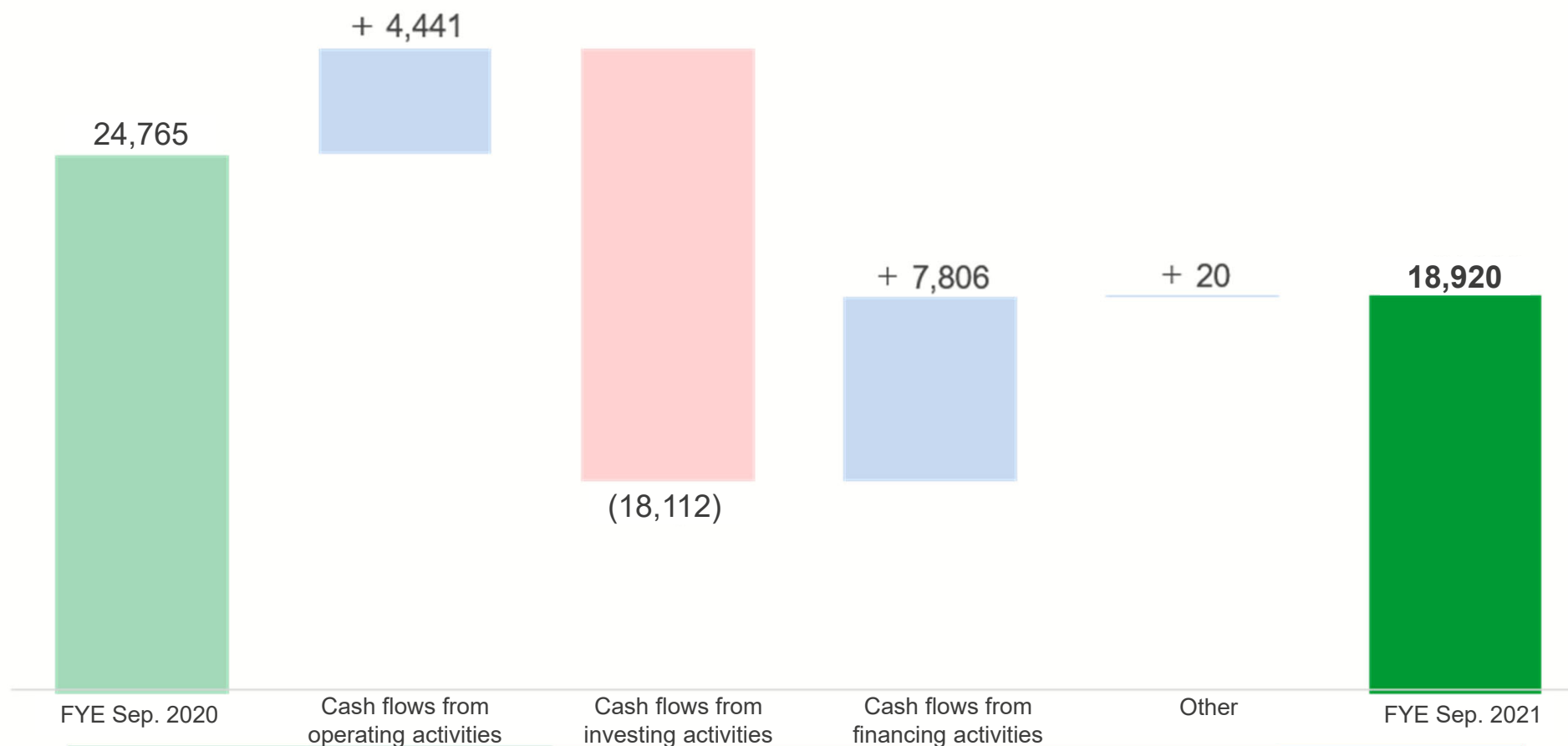




# Consolidated Cash Flows

(Million yen)

- Investment through the acquisition of JP-HOLDINGS shares
- Capital investment for opening new serviced apartments for the elderly



# Summary of Results by Segment for the Fiscal Year Ended September 30, 2021

(Million yen)

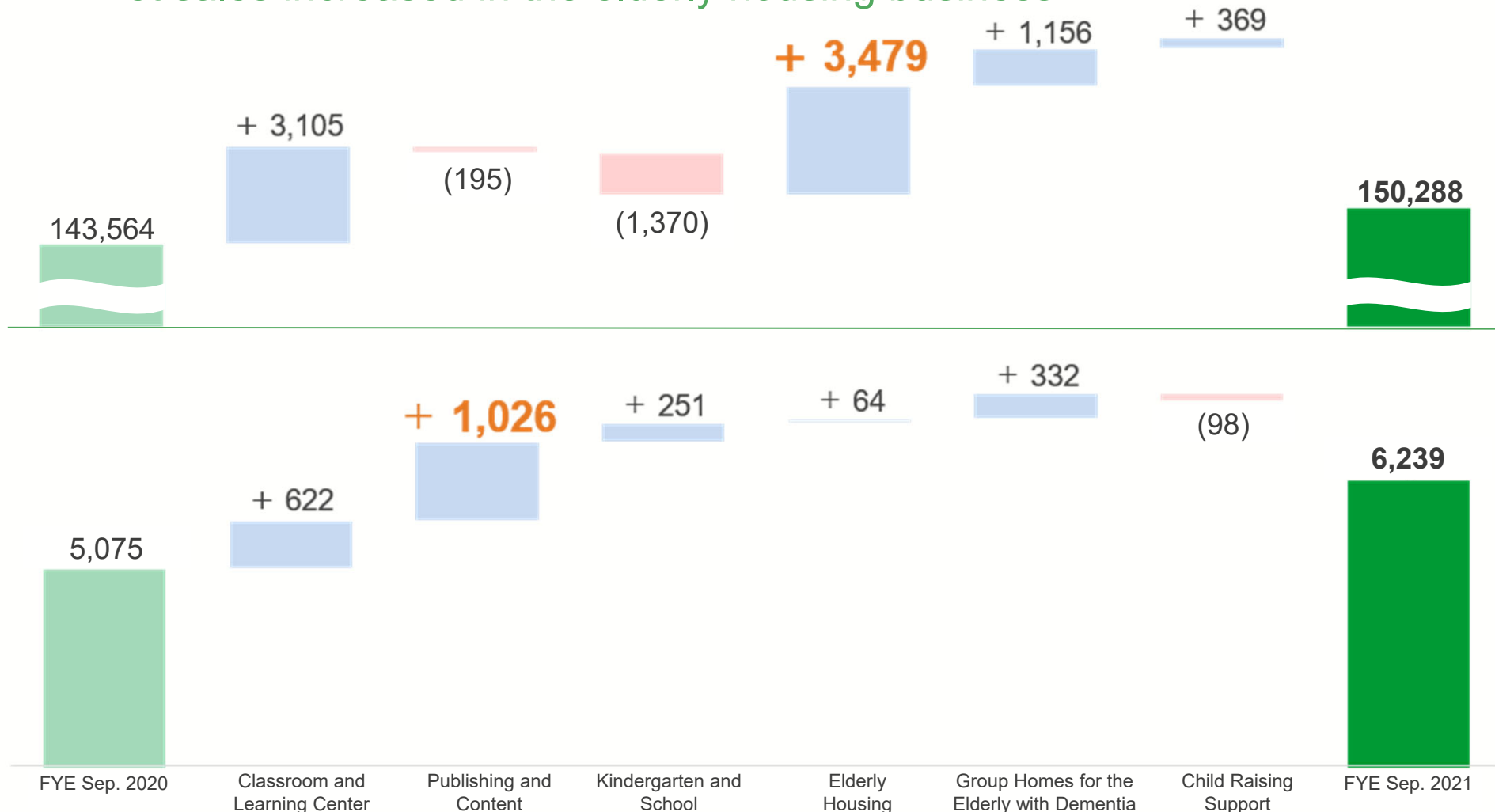
- Operating profit increased in the educational domain
- Net sales increased in the healthcare and nursing domain

Segment	Business	FYE Sep. 2020		FYE Sep. 2021		Change	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
<b>Educational Domain</b>		<b>77,379</b>	<b>2,202</b>	<b>78,919</b>	<b>4,138</b>	<b>+1,540</b>	<b>+1,935</b>
	Classroom and Learning Center	28,387	310	31,493	933	+3,105	+622
	Publishing and Content	31,726	1,764	31,531	2,791	(195)	+1,026
	Kindergarten and School	17,266	494	15,895	745	(1,370)	+251
	Goodwill	—	(366)	—	(332)	—	+33
<b>Healthcare and Nursing Domain</b>		<b>60,786</b>	<b>2,744</b>	<b>65,792</b>	<b>3,042</b>	<b>+5,005</b>	<b>+297</b>
	Elderly Housing	23,952	1,211	27,431	1,275	+3,479	+64
	Group Homes for the Elderly with Dementia	31,995	1,871	33,151	2,203	+1,156	+332
	Child Raising Support	4,838	124	5,208	26	+369	(98)
	Goodwill	—	(462)	—	(462)	—	—
<b>Other</b>		<b>5,398</b>	<b>128</b>	<b>5,576</b>	<b>(941)</b>	<b>+177</b>	<b>(1,069)</b>
<b>Group total</b>		<b>143,564</b>	<b>5,075</b>	<b>150,288</b>	<b>6,239</b>	<b>+6,724</b>	<b>+1,164</b>

# Results by Business Segment (Top: Net Sales; Bottom: Operating Profit)

(Million yen)

- Operating profit increased in the publishing and content business
- Net sales increased in the elderly housing business

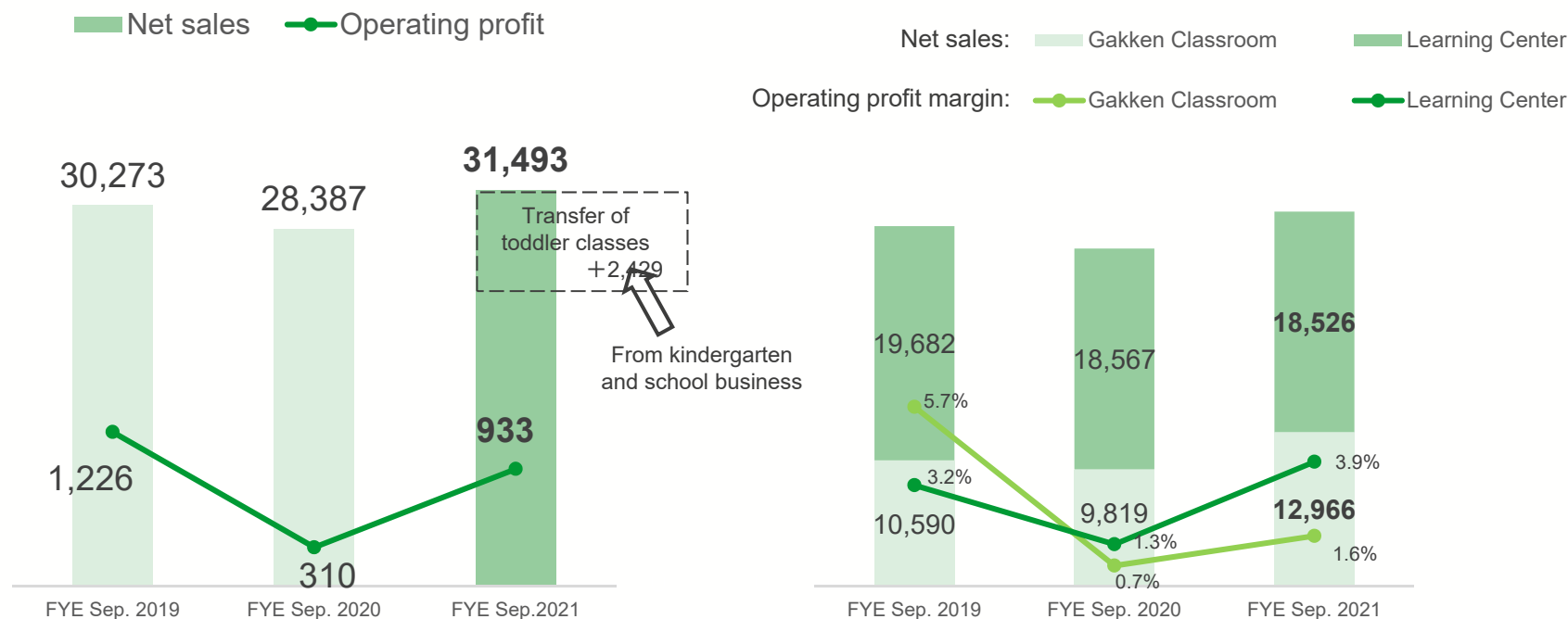


# Educational Domain

## Classroom and Learning Center Business

\*Please see Appendix for details of the business.

(Million yen)



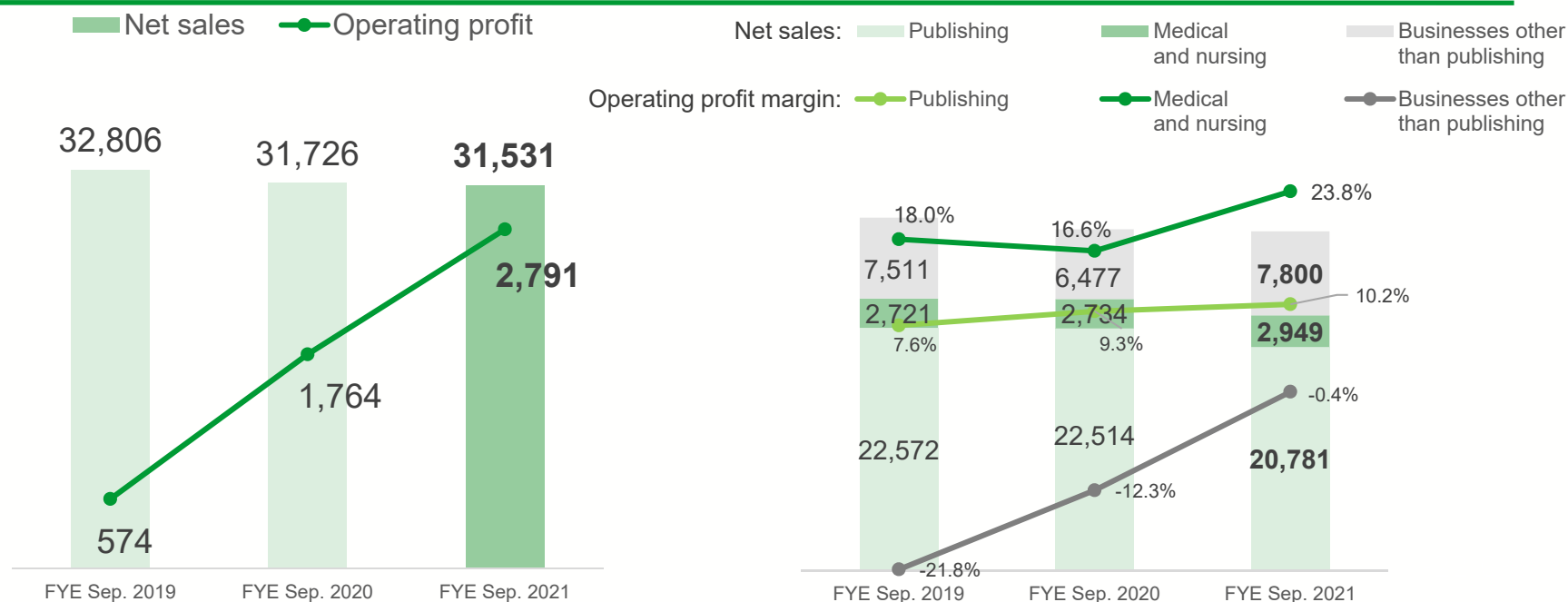
Business	Net sales	Operating profit
Gakken Classroom	<ul style="list-style-type: none"> <li>+ Increase due to transfer of toddler classes</li> <li>+ Increase in digital services</li> <li>+ Business acquisition: Shogakukan Academy and Mebae Classes</li> </ul>	<ul style="list-style-type: none"> <li>+ Increase in net sales in digital services</li> <li>+ Increase in profit due to transfer of toddler classes</li> <li>+ Business acquisition: Shogakukan Academy and Mebae Classes</li> </ul>
Learning Center	<ul style="list-style-type: none"> <li>- Liquidation of 2 companies with poor performance</li> <li>+ Increase in sales per customer</li> </ul>	<ul style="list-style-type: none"> <li>+ Increase in net sales at learning centers with strong performance</li> <li>+ Profitability improvement due to liquidation of 2 companies with poor performance</li> </ul>

# Educational Domain

## Publishing and Content Business

\*Please see Appendix for details of the business.

(Million yen)

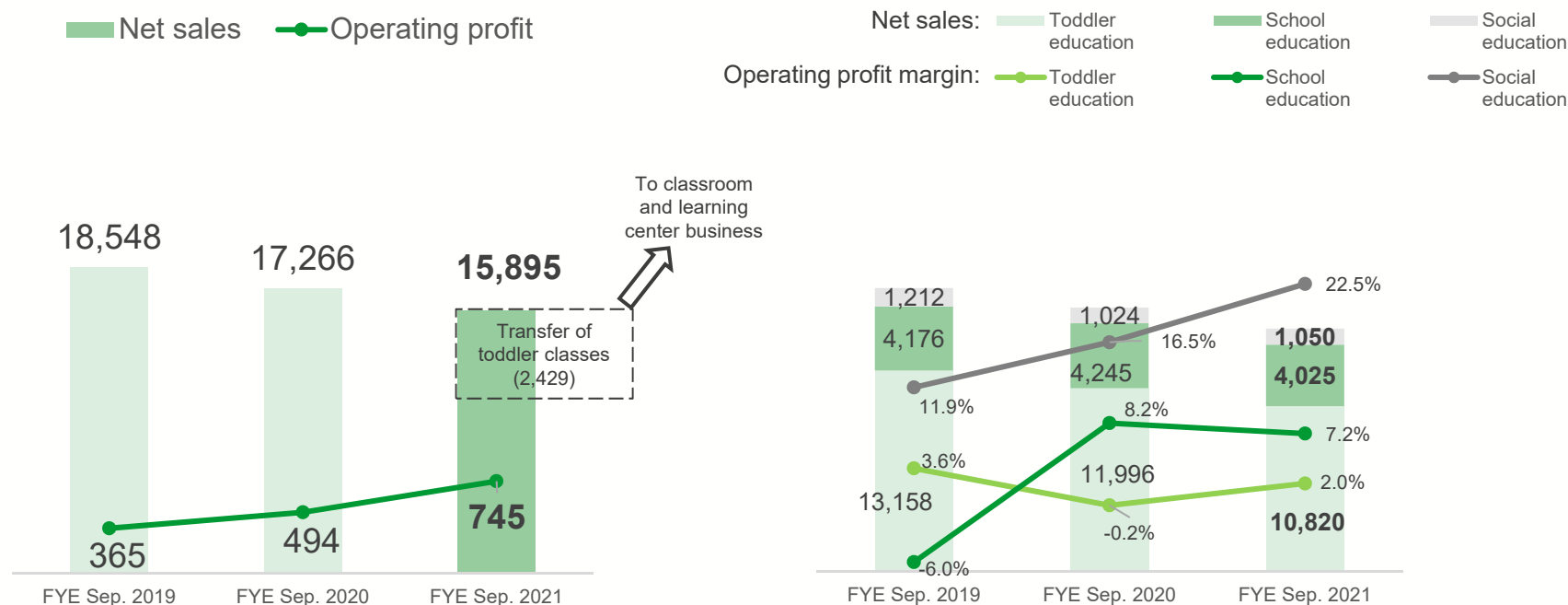


Business	Net sales	Operating profit
Publishing	<ul style="list-style-type: none"> <li>- Company split of the media business (July 2020-)</li> <li>- Decrease in study-aid books (compared with last fiscal year's special demand)</li> <li>+ Strong sales of children's books and how-to guides</li> </ul>	Remained roughly flat year on year
Medical and nursing	<ul style="list-style-type: none"> <li>+ Increase in the number of hospitals that made a contract for e-learning targeting nurses</li> </ul>	+ Increase in net sales
Other than publishing	<ul style="list-style-type: none"> <li>+ Growth of the English business</li> <li>- Decrease due to transfer of educational ICT services</li> </ul>	<ul style="list-style-type: none"> <li>+ Increase in net sales</li> <li>+ Reorganization of unprofitable stationery card and letter products</li> </ul>

# Educational Domain Kindergarten and School Business

\*Please see Appendix for details of the business.

(Million yen)

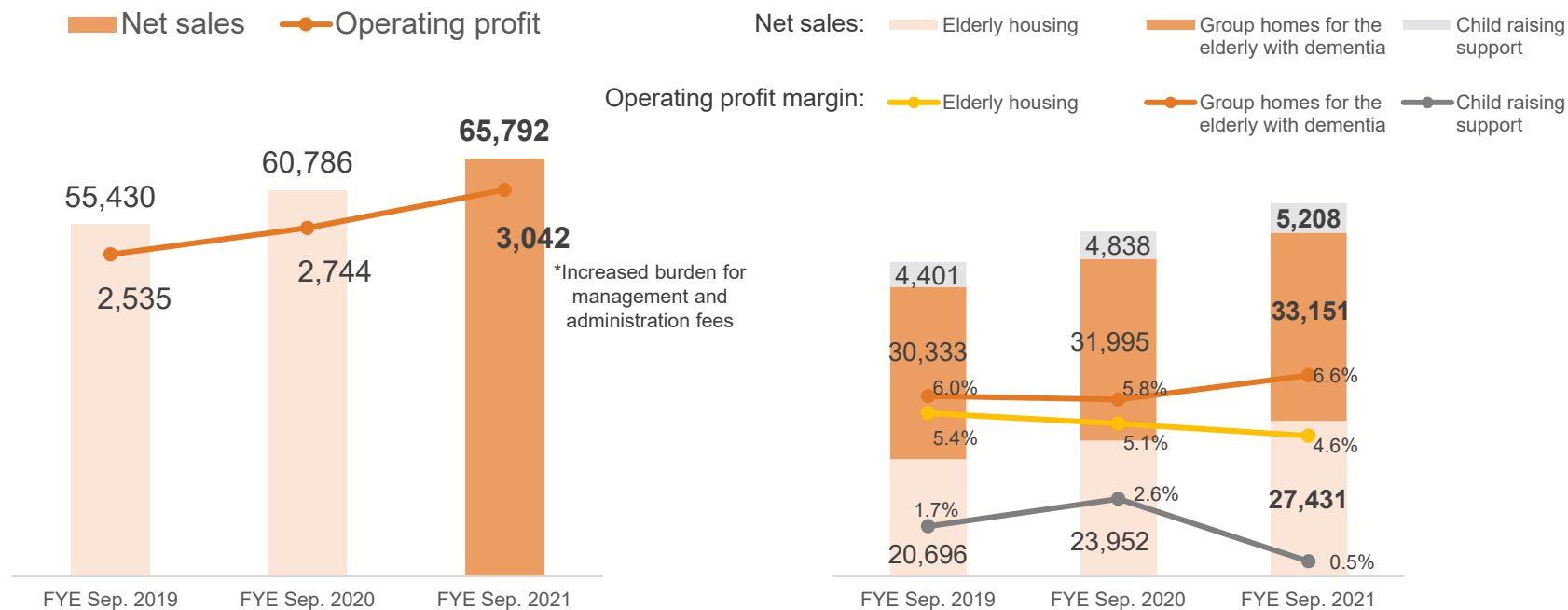


Business	Net sales	Operating profit
Toddler education	<ul style="list-style-type: none"> <li>- Decrease due to transfer of toddler classes</li> <li>+ Clothing for teachers, hygiene products for preventing COVID-19 infection, and kindergarten building designing works</li> </ul>	+ Increase in net sales in successful category
School education	<ul style="list-style-type: none"> <li>- Decrease in the number of textbooks and instruction guides for teachers accepted (FY9/21: Junior high school; FY9/20: Elementary school)</li> <li>+ Increase due to transfer of educational ICT services</li> </ul>	- Decrease in net sales
Social education	Remained roughly flat year on year (job-seeker seminars and corporate training)	+ Suppression of cost of sales (digitalization of products and services)

# Healthcare and Nursing Domain

\*Please see Appendix for details of the business.

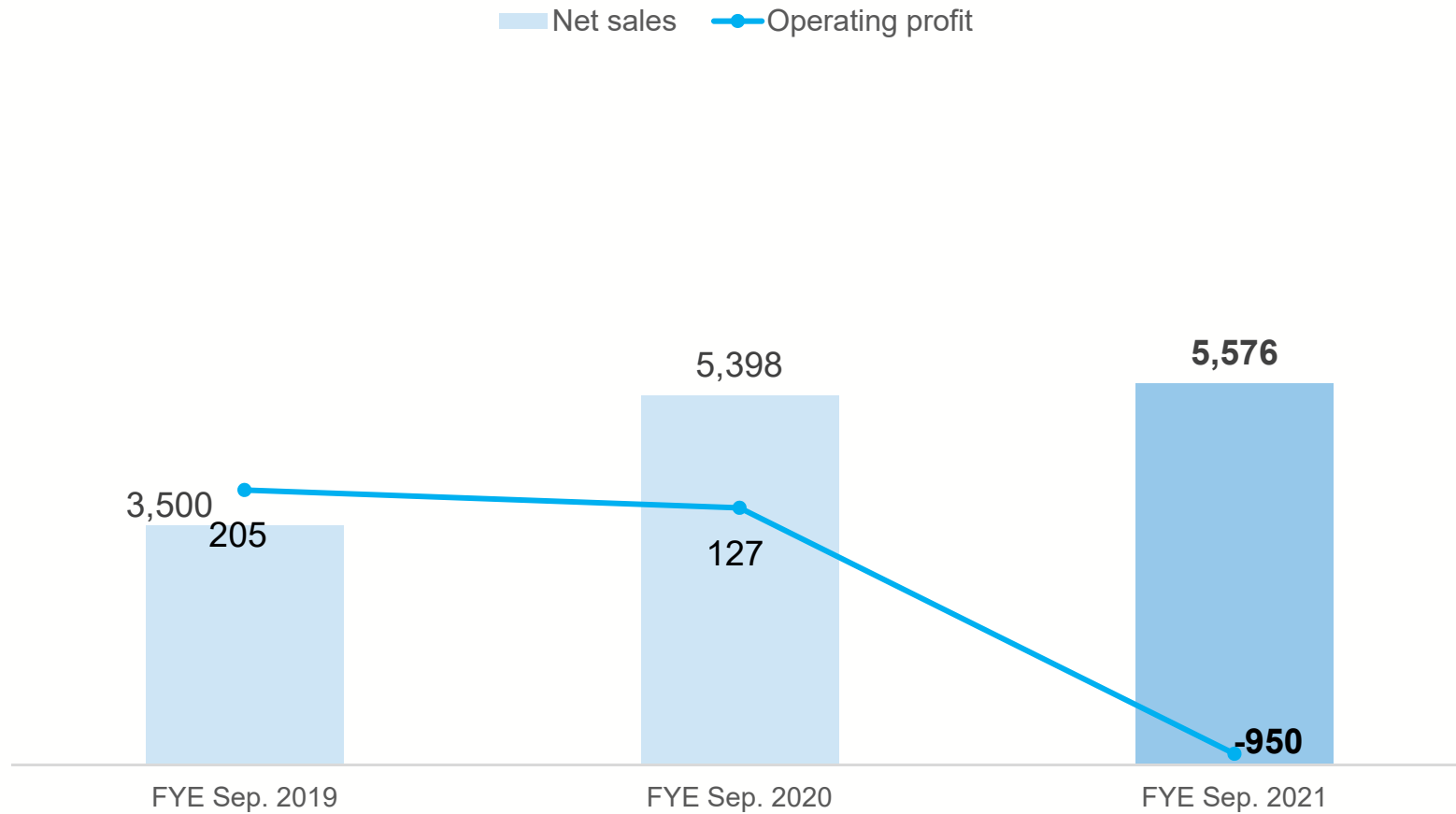
(Million yen)



Business	Net sales	Operating profit
Elderly housing	+ 21 new sites opened, two sites added through M&A annually	+ Slight increase year on year (Newly opened sites experienced a hard start due to a decrease in facility tours and voluntary restraint on relocation during the COVID-19 pandemic)
Group homes for the elderly with dementia	+ Opening of new group homes Continued high occupancy rates + Sale of two facilities held by the Company	+ Increase in net sales - Increase in costs for infection prevention and facility repairs
Child raising support	+ Obtained authorizations for unauthorized nursery schools Closure of unprofitable nursery schools	- Increase in personnel expenses and school establishment costs due to refraining from enrollment in April

# Other

(Million yen)



Operating profit	
-	Investment in systems and staffing for Group-wide promotion of digital transformation (DX)



**Gakken**

**Progress of Gakken 2023  
Plan for the Fiscal Year Ending  
September 30, 2022**

Hiroaki Miyahara  
President, Representative Director

# Gakken

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Progress of Gakken 2023

## Gakken 2023 Fiscal Year Ended Sep. 30, 2021 Financial Indicators

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**Net sales**

**150,288** million yen  
(2.9% higher than planned)

**Operating profit**

**6,239** million yen  
(11.4% higher than planned)

**Profit**

**2,617** million yen  
(6.5% lower than planned)

**ROE**

**6.3%**  
(0.2% less than planned)

**Dividend per share**

**22.0** yen  
(as planned)

**Payout ratio**

**34.1%**  
(5.0% more than planned)

# Gakken 2023 Structural Reforms and M&A

- Improve profitability of Educational Domain · Expand scale of Healthcare and Nursing Domain
- Strengthen foundations for DX and toddler education

## Educational Domain

### Classroom and Learning Center Business

- Liquidated two companies with poor performance
- Acquired Shogakukan Academy and Mebae Classes businesses

### Publishing and Content Business

- Promoted structural reforms in businesses other than publishing
- Acquired the business of Arukikata Co., Ltd.

### Kindergarten and School Business

- Acquired the hugmo business

## Healthcare and Nursing Domain

### Elderly Housing Business

- Top line expansion
- Opened 21 new sites
  - Acquired two sites

### Group Homes for the Elderly with Dementia Business

- Stable growth
- Opened six new facilities
  - Acquired business of one facility

### Child Raising Support Business

- Structural reform
- Closed three unprofitable nursery schools
  - Obtained authorizations for two unauthorized nursery schools

## Group-wide

### DX Strategy

- Accelerated hiring of staff
- Bend Inc. and Dontokoi Inc., two companies engaged in recurrent education, joined the Group

### Toddler Business Strategy

- Acquired shares in JP-HOLDINGS (30.72%)

# Gakken

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Plan for the Fiscal Year Ending  
September 30, 2022

# External Environment Business Opportunities

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## Educational Domain

Acceleration of educational DX in “with-COVID-19” times

- Diversification of learning center services (in person, online, hybrid)
- Increased demand for recurrent education and e-learning
- Expansion of GIGA School market

## Healthcare and Nursing Domain

Promotion of elderly housing and facilities development and expansion of the senior market

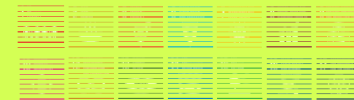
- Late elderly population of 22 million in 2025
- Growing population of the elderly with dementia, 7 million in 2025

## Overseas

- Rising demand for education in Asian emerging economies
- Increase in per-capita spending on education and expansion of the market

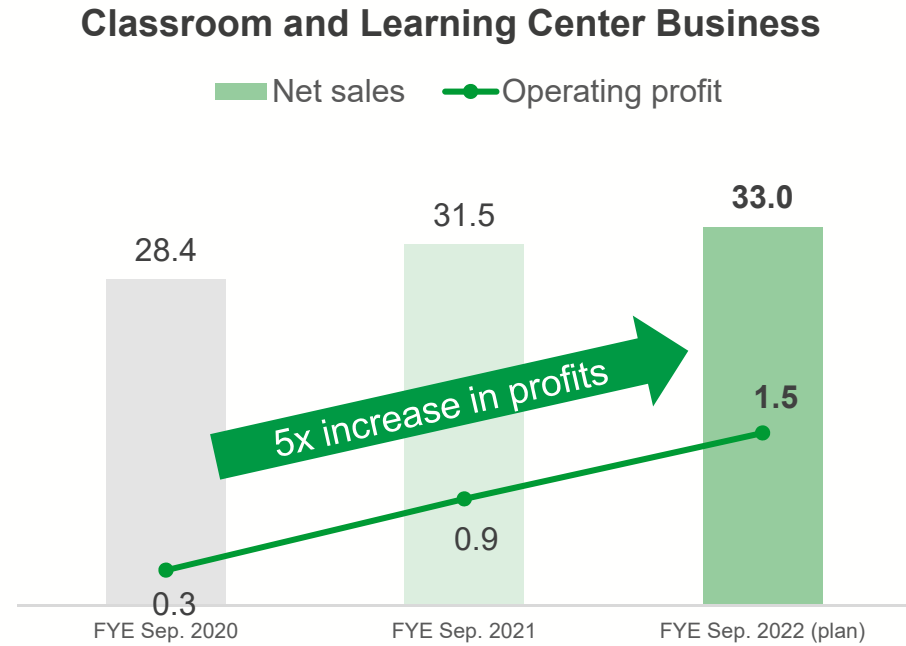
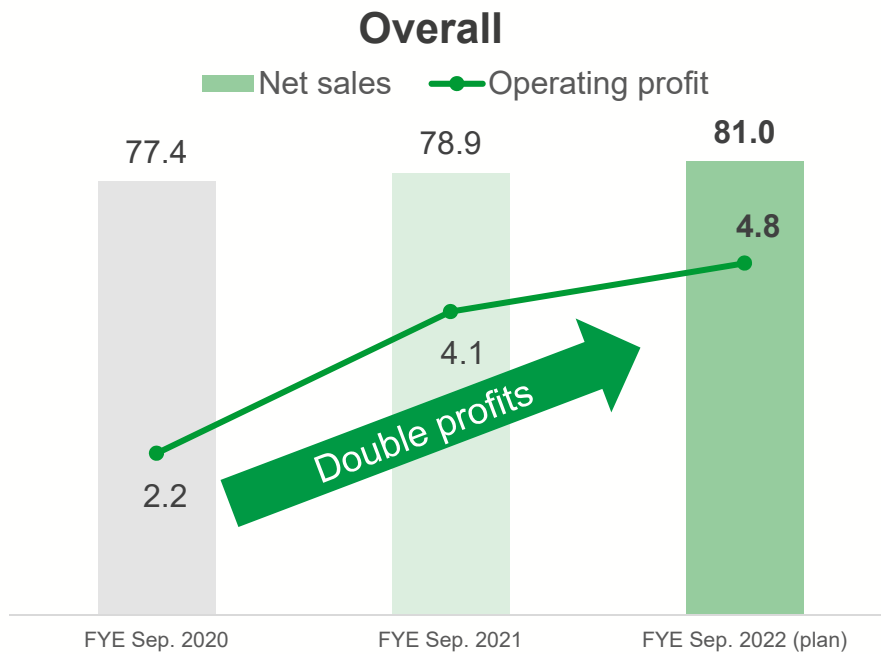
### Gakken Social Value

Create a world where everyone can live fulfilling lives



# Educational Domain

(Billion yen)



## Overall

- Classroom and learning center business will drive an increase in operating profit  
Increase in the number of Gakken Classroom students, structural reform of learning centers
- Profit increase in publishing and content business will be from study-aid books and medical and nursing
- Kindergarten and school business will be roughly the same as the previous fiscal year due to the in-between season of textbooks as well as to digital investment

## Gakken Classroom

- Increase new toddler classes, enhance focus on directing customers to Gakken Classroom
- Increase the number of online members

## Learning Center

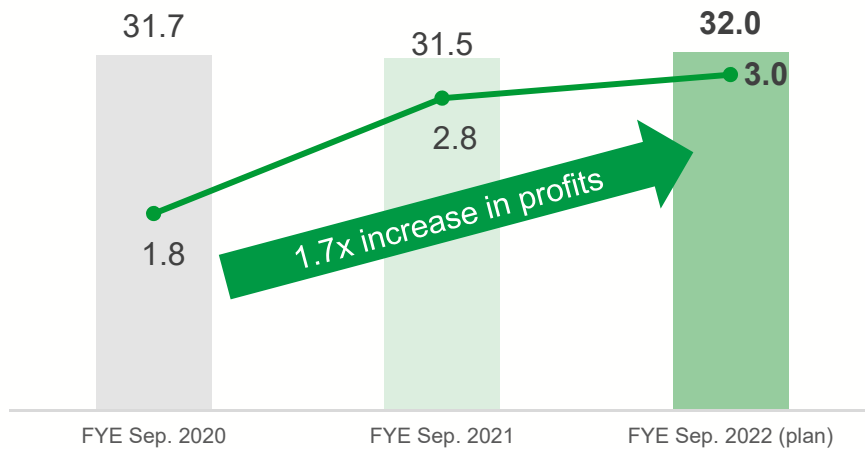
- Thoroughly secure per-classroom profitability
- Improve management efficiency with online initiatives

# Educational Domain

(Billion yen)

## Publishing and Content Business

■ Net sales ● Operating profit



### Publishing

- Revision of children's books/study-aid books, roll-out of new series

### Medical and nursing

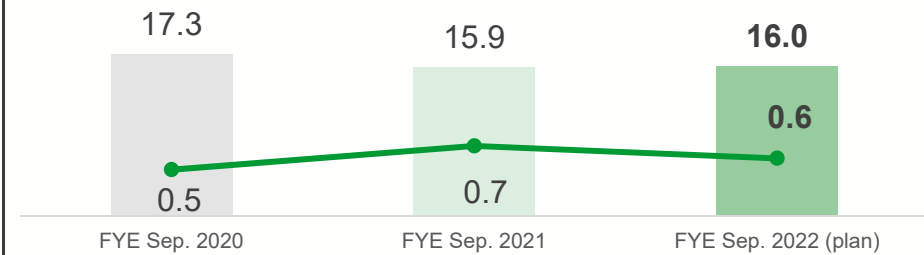
- Development of new e-learning content for nurses and strengthening of sales

### Other than publishing

- Utilization of Gakken ID (Group customers)

## Kindergarten and School Business

■ Net sales ● Operating profit



### Toddler education

- Expansion of services of operational support systems for kindergartens, nursery schools and children's daycare centers, and enhancement of sales activities

### School education

- Development of new content for GIGA School and enhancement of sales structure

### Social education

- One-stop service for corporate staffing (e-learning, corporate training)

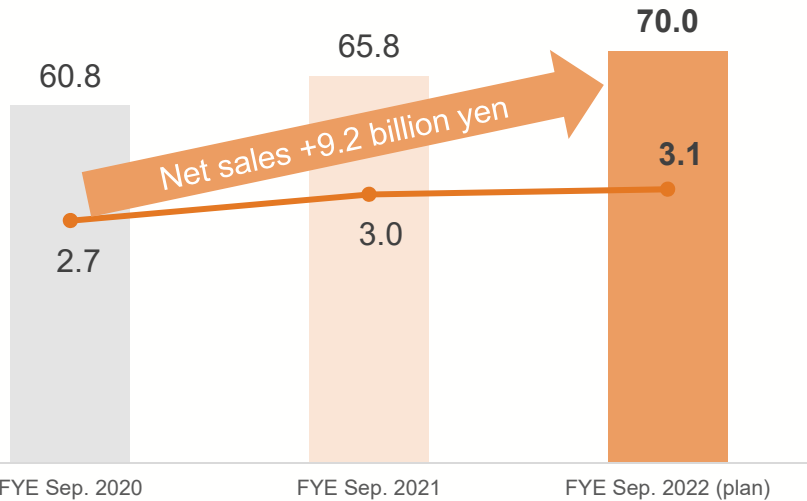


# Healthcare and Nursing Domain

(Billion yen)

## Overall

Net sales    Operating profit

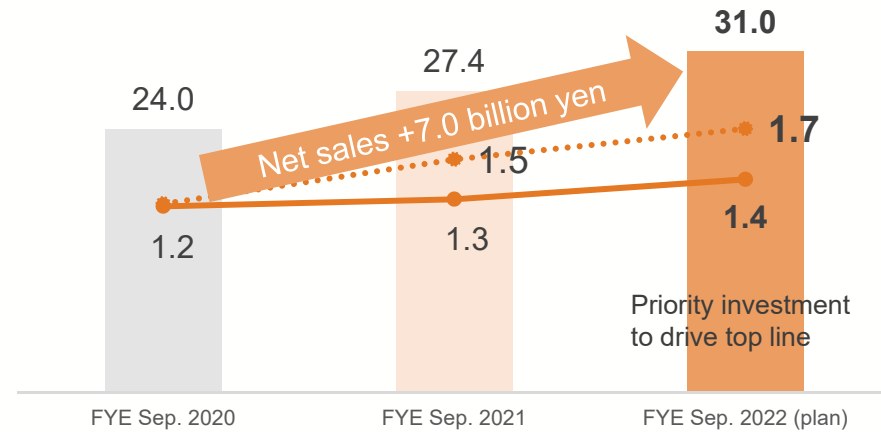


### Overall

- Elderly housing business will increase profits with an increase in the number of newly opened facilities and operations with high occupancy rates
- In the group homes for the elderly with dementia business, profit will remain at the same level as the previous fiscal year, with the increase in the number of newly opened facilities
- Child raising support business will strengthen its business foundations

## Elderly Housing Business

Net sales  
Operating profit  
Operating profit (excluding increase in management and administrative fees)



### Talent

- Conduct online follow-up training
- Expand Gakken Academy Certified Care Worker Training Course

### Quality

- Complete transition to ICT-based nursing care records

### Development

- Plan to open 27 new facilities

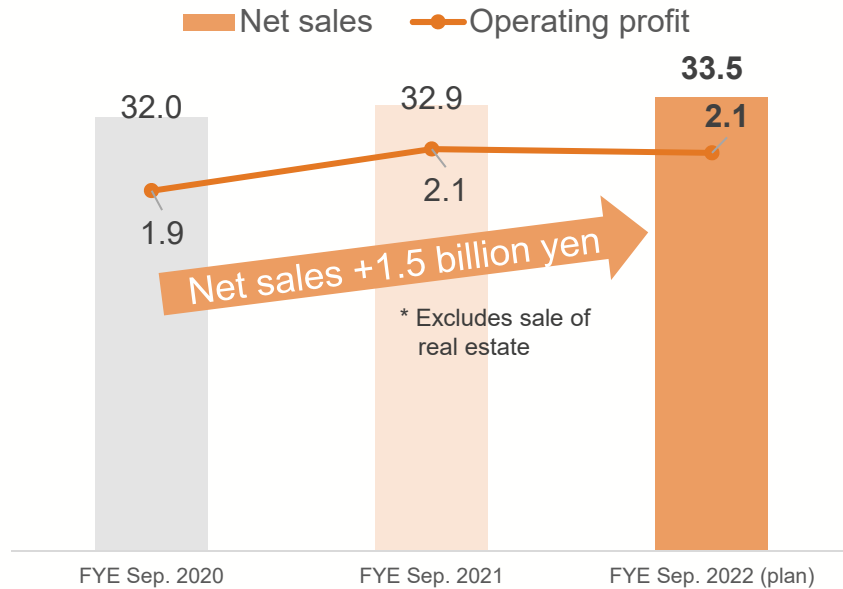
### Profitability

- Planned occupancy rate 93%

# Healthcare and Nursing Domain

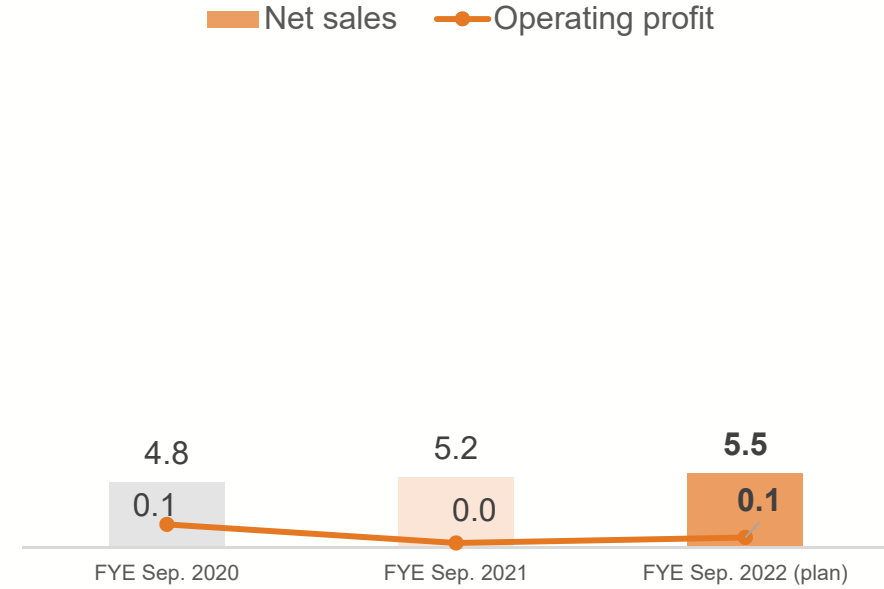
(Billion yen)

## Group Homes for the Elderly with Dementia Business



- Talent**
  - Aim for retention of home directors and 100% placement rate to bring stability to sites
- Quality**
  - Introduction of ICT-based nursing care records to specified facilities
- Development**
  - Plan to open 16 new sites
- Profitability**
  - Occupancy rate 97%

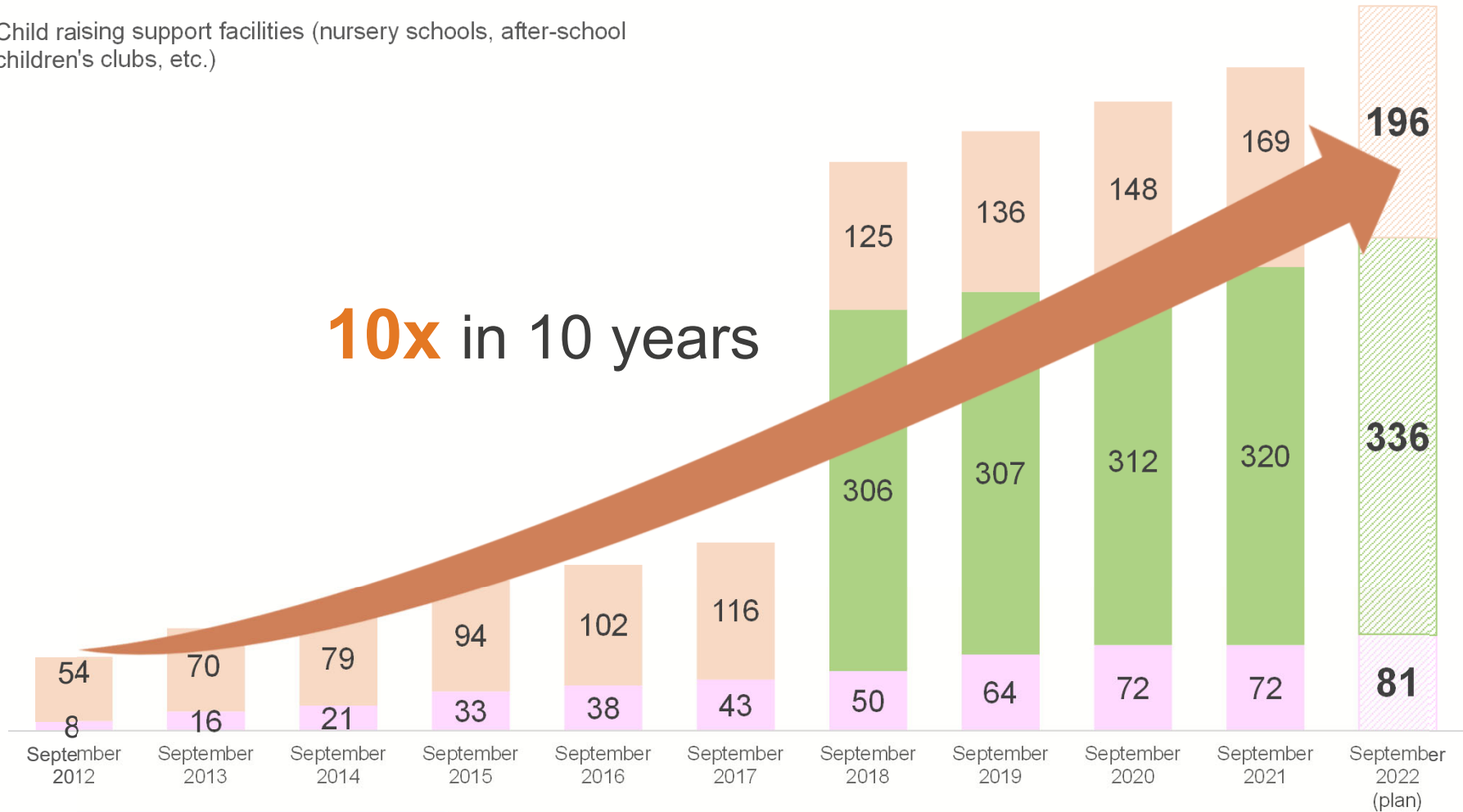
## Child Raising Support Business



- Talent**
  - Coordination with schools in hiring
  - Employment of graduates of Gakken Academy Nursery School Teacher Training Course
- Quality**
  - Build training structure
  - Branding
- Development**
  - Review new school opening plans, concentrate in city center areas, plan to open nine new schools
- Profitability**
  - Improve profitability of unprofitable nursery schools

# Healthcare and Nursing Domain Number of Facilities

- Serviced apartments for the elderly, etc.
- MCS (group homes, etc.)
- Child raising support facilities (nursery schools, after-school children's clubs, etc.)



# Healthcare and Nursing Domain

## Gakken's Community-based Integrated Care System

Promote the establishment of sites where the elderly, people of child-rearing age, and children come together and interact, to serve as core buildings to create communities where multiple generations live in harmony and encourage lifelong activeness.

### Examples of public-private collaboration

- Jan. 2010 Cocofump Hiyoshi  
81 serviced apartments for the elderly, home-based care/home-visit care, daycare service for the elderly, learning centers, clinic, etc.
- May 2014 Cocofump Kashiwa Toyoshikidai  
80 serviced apartments for the elderly, group home for the elderly with dementia, small multifunction home-based care, etc.
- Apr. 2015 Cocofump Yokohama Tsurumi  
70 serviced apartments for the elderly, 29 general rental homes, home-based care support, home-visit care/nursing care, etc.
- Sep. 2015 Cocofump Fujisawa SST  
70 serviced apartments for the elderly, home-based care support, home-visit care/nursing care, daycare service for the elderly, nursery school, etc.
- Mar. 2017 Cocofump Kachidoki  
34 serviced apartments for the elderly, home-based care, home-visit care, small multifunction home-based care
- Aug. 2021 Cocofump Shizuoka Minamiyawata  
80 serviced apartments for the elderly, 12 family homes, learning centers, regional exchange space, etc.

#### Opening Mar. 2022 Cocofump Hatsukaichi (provisional)

Serviced apartments for the elderly, home-based care, home-visit care/nursing care, daycare service for the elderly, learning center, etc.

#### Opening Mar. 2022 Cocofump Suita SST (provisional)

Serviced apartments for the elderly, group home for the elderly with dementia, children's daycare center, learning center, etc.

#### Opening Aug. 2022 Cocofump Kawasaki Kanigaya (provisional)

Serviced apartments for the elderly, group home for the elderly with dementia, child development support, learning center, etc.



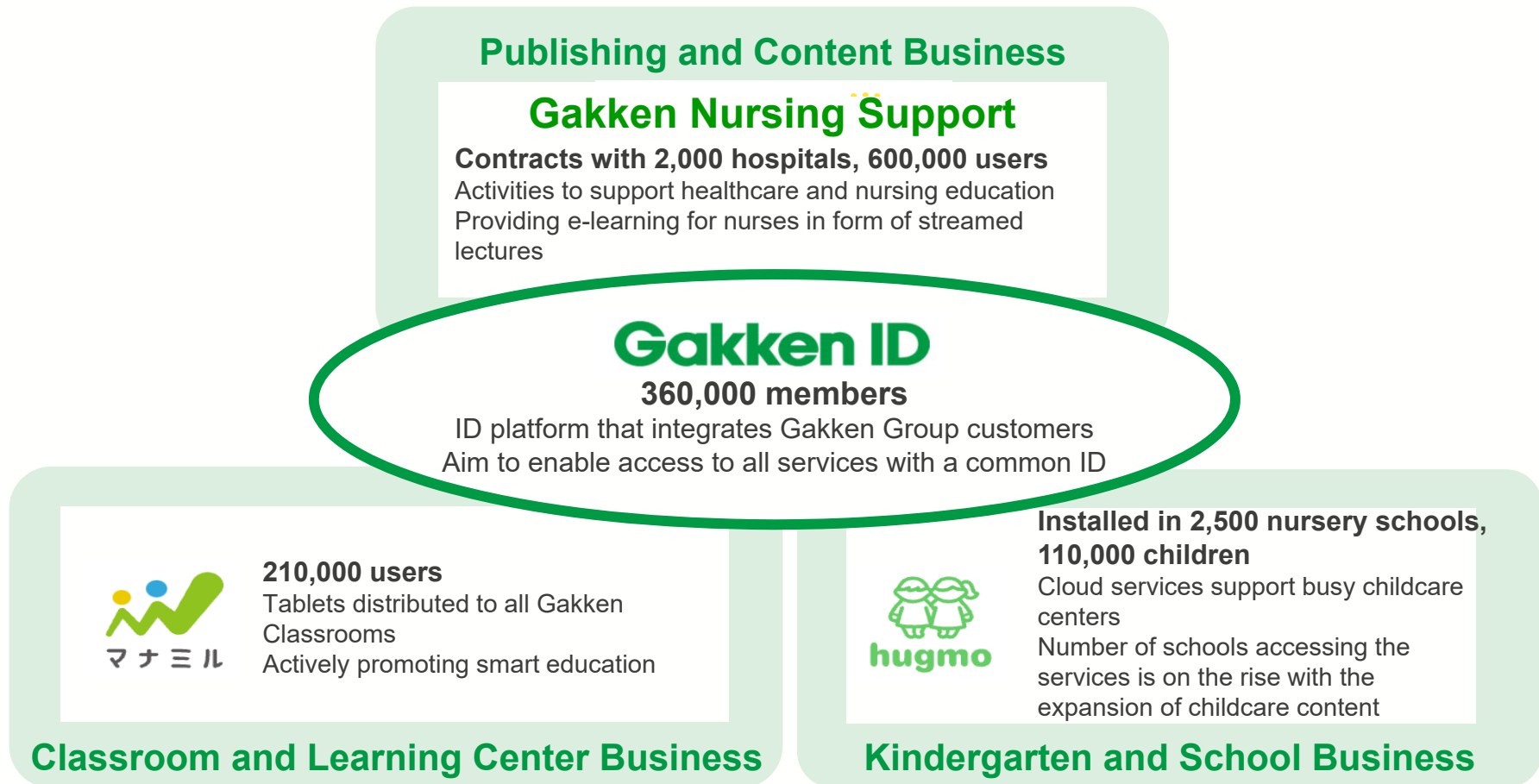
Cocofump Shizuoka Minamiyawata, opened Aug. 2021



Concert held in community hall

# DX Strategy

Promotion of DX in Educational Domain, with more than 1 million digital members across the Group's digital services



(As of September 30, 2021)

# DX Strategy

Two companies with strengths in recurrent education joined the Group, accelerating promotion of DX in growth markets

Recurrent education × Media operation



Bend Inc.

Operation of comprehensive qualifications website, *Shikaku Times*, and comprehensive education website, *Manabi Times*, SEO consulting



Recurrent education × Online CtoC learning



Dontokoi Inc.

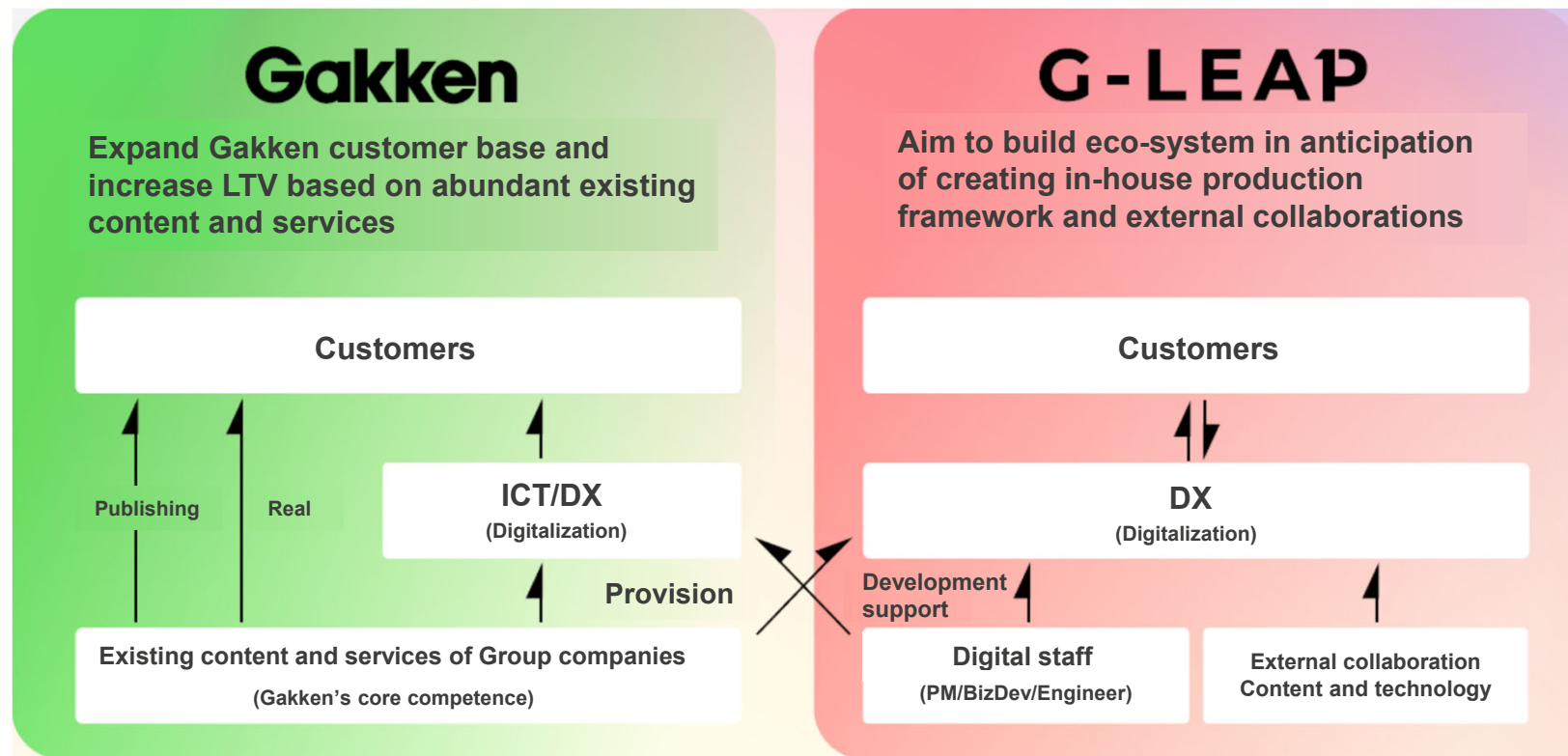
Provision of online Chinese language learning platform, Chinese language teacher matching service



# DX Strategy

Established Gakken LEAP, a new company specializing in the digital business

- Fully use the Group's content and channels to create new businesses
- Collaborate and cooperate with emerging companies and build ecosystems with companies in the same industry
- Invest 25.0 billion yen (over five years to 2025)



# Toddler Business Strategy

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Strengthening the foundations of the toddler domain through capital and business alliance with JP-HOLDINGS, INC.

## Progress of Synergy Strategy

Retain customers (Direct children to Gakken Classrooms after graduation from JP's nursery school)

- Increase recognition of Gakken Classrooms (Done)
- Increase the number of customers directed to Gakken Classrooms by creating ongoing touchpoints with parents and guardians (Ongoing)

Offer educational content and learning materials for toddlers to JP's nursery schools

- Gakken toddler classes – 20% installed (Done)
- Conduct toddler education training and expand introduction at kindergartens and nursery schools (Ongoing)

Improve quality (safety management) and productivity by sharing expertise in management

- Organizational changes in the child raising support business, and built systems for strengthening safety management (Done)
- Accept JP-HOLDINGS childcare workers into Gakken's nursery school teacher training courses and work to improve childcare quality in both companies (Done)



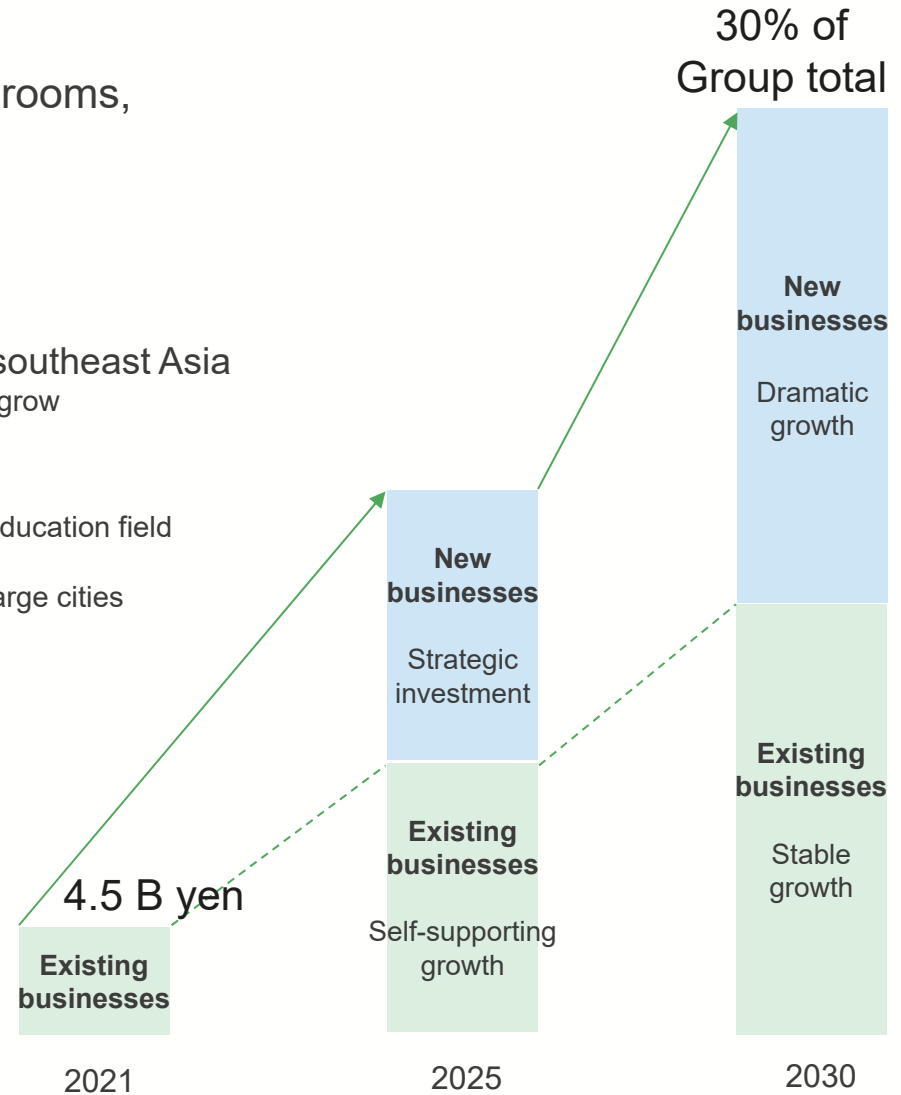
# Global Strategy

Organic growth of existing businesses

- Operation of Gakken Classrooms, elderly care facilities, etc.

Strategic investment in new businesses

- Toddler education business in southeast Asia  
Focus on markets most expected to grow
- Re-entry into Chinese market
  - Engage in the non-cognitive skills education field where Gakken excels
  - Approach local regions as well as large cities
- Business development through ODA connection  
STEAM education in Middle East using the network of IC Net



# Financial Strategy

## Balance Sheet

- Improve financial soundness through social equity financing

Equity ratio 34% → 40%

D/E ratio 1.0x → 0.8x

- Improvement of asset efficiency

Sale of cross-held shares

Optimization of Group fund management

## Proactive investment in strategic domains

- 2021-2025 cumulative 50.0 B yen or more

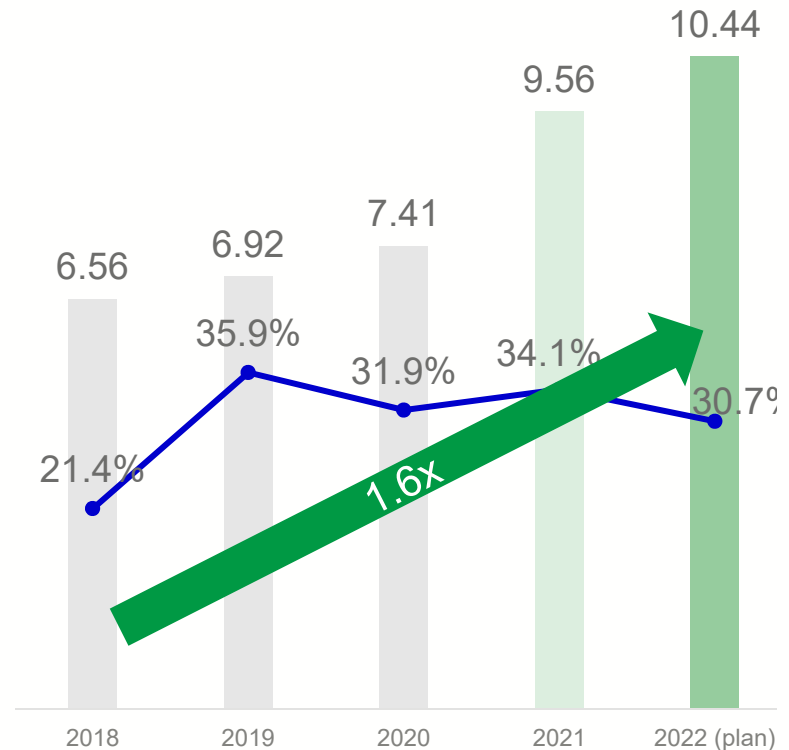
**DX**  
25.0 billion yen

**Global, toddler, etc.**  
25.0 billion yen  
or more

Drive Growth

## Shareholder Returns

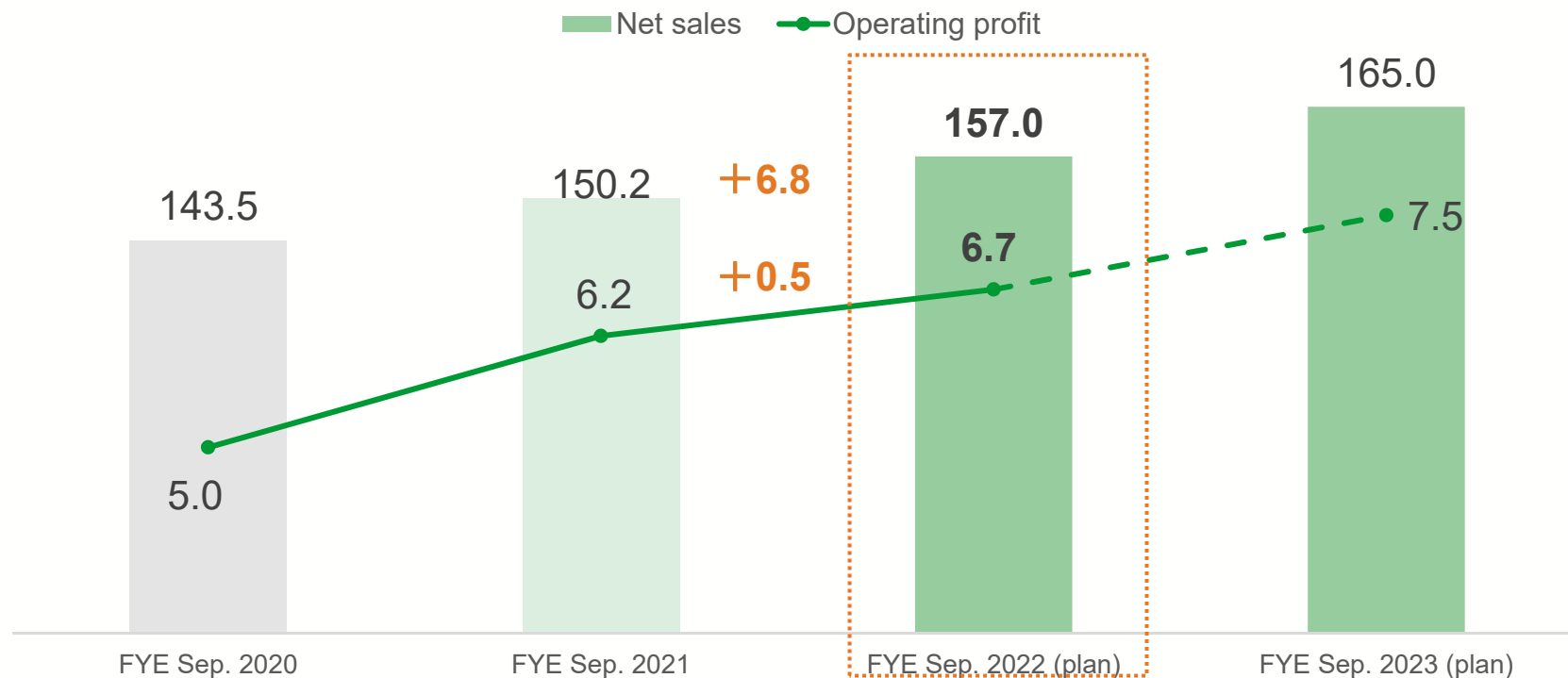
■ Dividend amounts    ● Payout Ratio



- Aim for five years of consecutive dividend increases
- Maintain 30% payout ratio

# Plan for the Fiscal Year Ending September 30, 2022

(Billion yen)



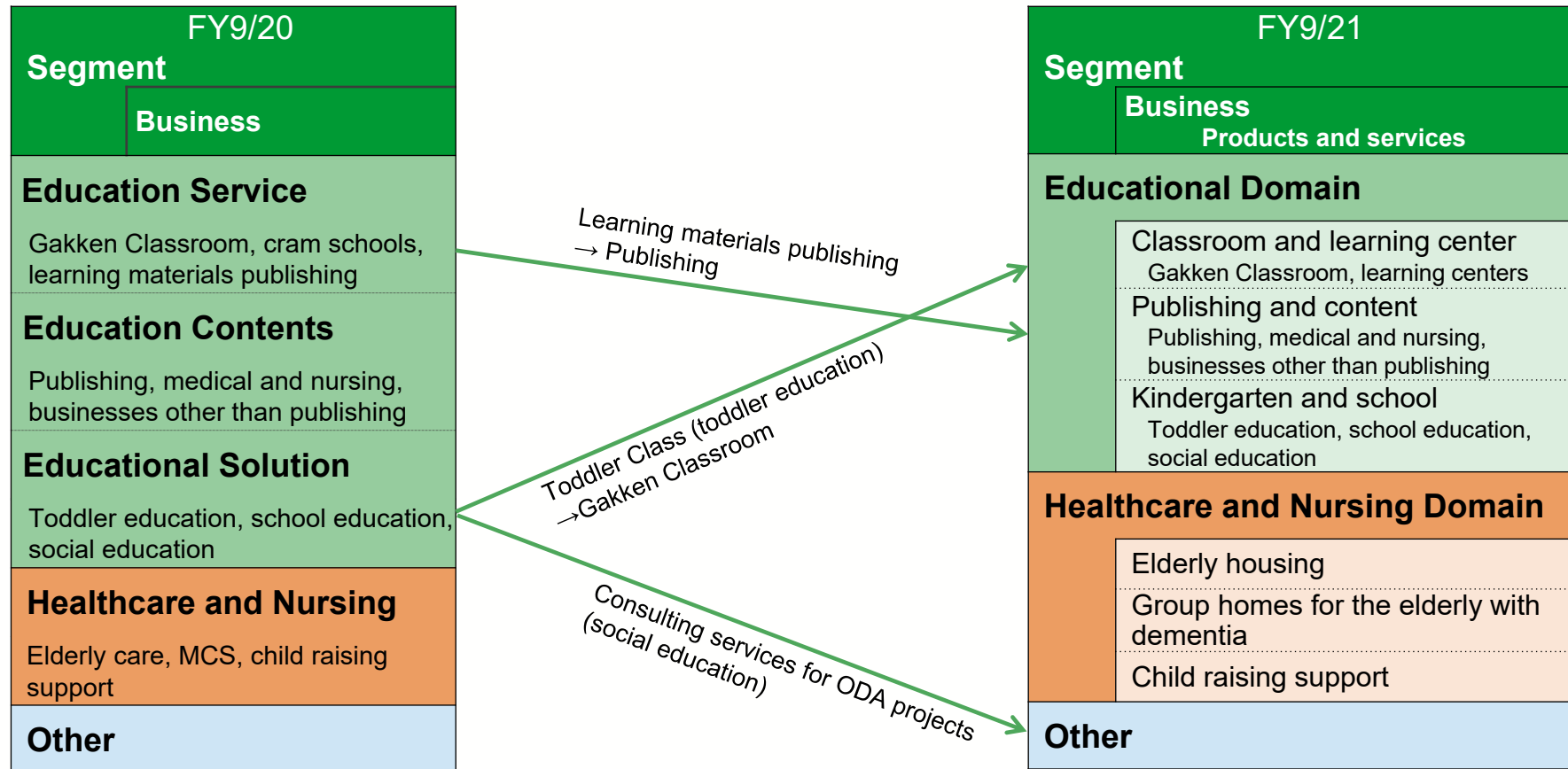
	FYE9/2020 Results	FYE9/2021 Results	Change	FYE9/2022 Plan	FYE9/2023 Plan
Net sales	143.5	150.2	+6.8	157.0	165.0
Operating profit	5.0	6.2	+0.5	6.7	7.5
Profit	2.3	2.6	+0.8	3.4	3.8
ROE	6.2%	6.3%	+0.8%	7.1%	8.0%

**Gakken**

# Appendix

# Changes in Reportable Segments

## Concentration of 3 educational segments into 1



\*Medical Care Service Company Inc. (MCS) is reported separately as the group homes for the elderly with dementia business of the healthcare and nursing domain from the current fiscal year.

# Details of Each Business

## Educational Domain

### Classroom and learning center

- Gakken Classroom (mainly for Elementary school students)
- Classes for toddlers and elementary school students
- Learning centers (for elementary to high school students)



### Publishing and content

- Publications (children's books, study-aid books, etc.)
- Learning materials for learning centers
- Books on nursing and medicine
- E-learning targeting nurses
- Publication of digital content
- Educational toys



### Kindergarten and school

- Picture books, childcare products playing and other equipment, clothing for teachers
- Textbooks, instruction guides for teachers, supplementals, ICT learning materials, learning materials for students with special needs, short essay mock exams
- Recruitment support services, corporate training programs



## Healthcare and Nursing Domain

### Elderly housing

- Serviced apartments for the elderly
- Bases for home-visit elderly care services



### Group homes for the elderly with dementia

- Group homes for the elderly with dementia, etc.



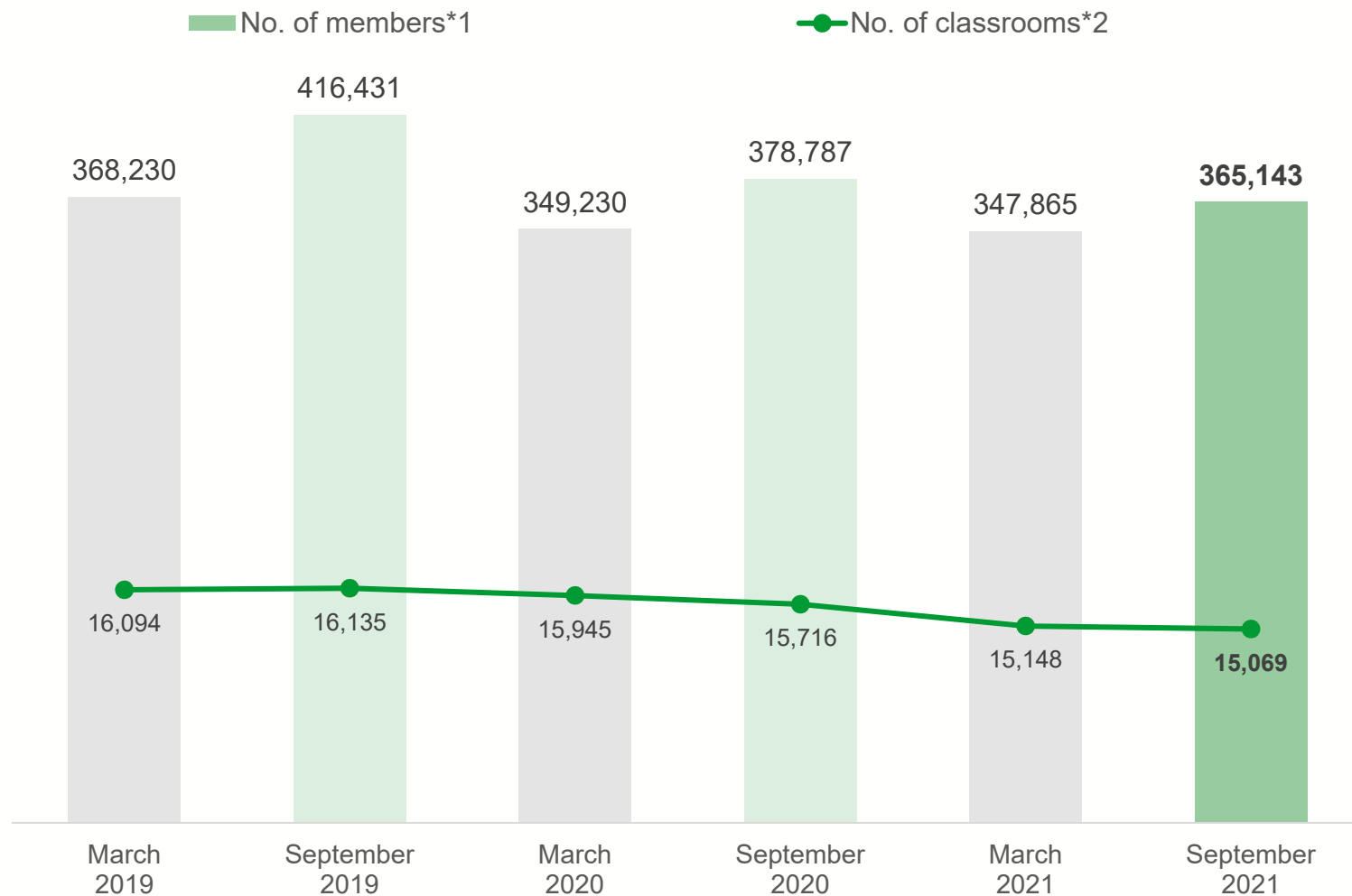
### Child raising support

- Nursery schools, children's daycare centers, after-school children's clubs



# Educational Domain

## Gakken Classroom: No. of Members and No. of Classrooms

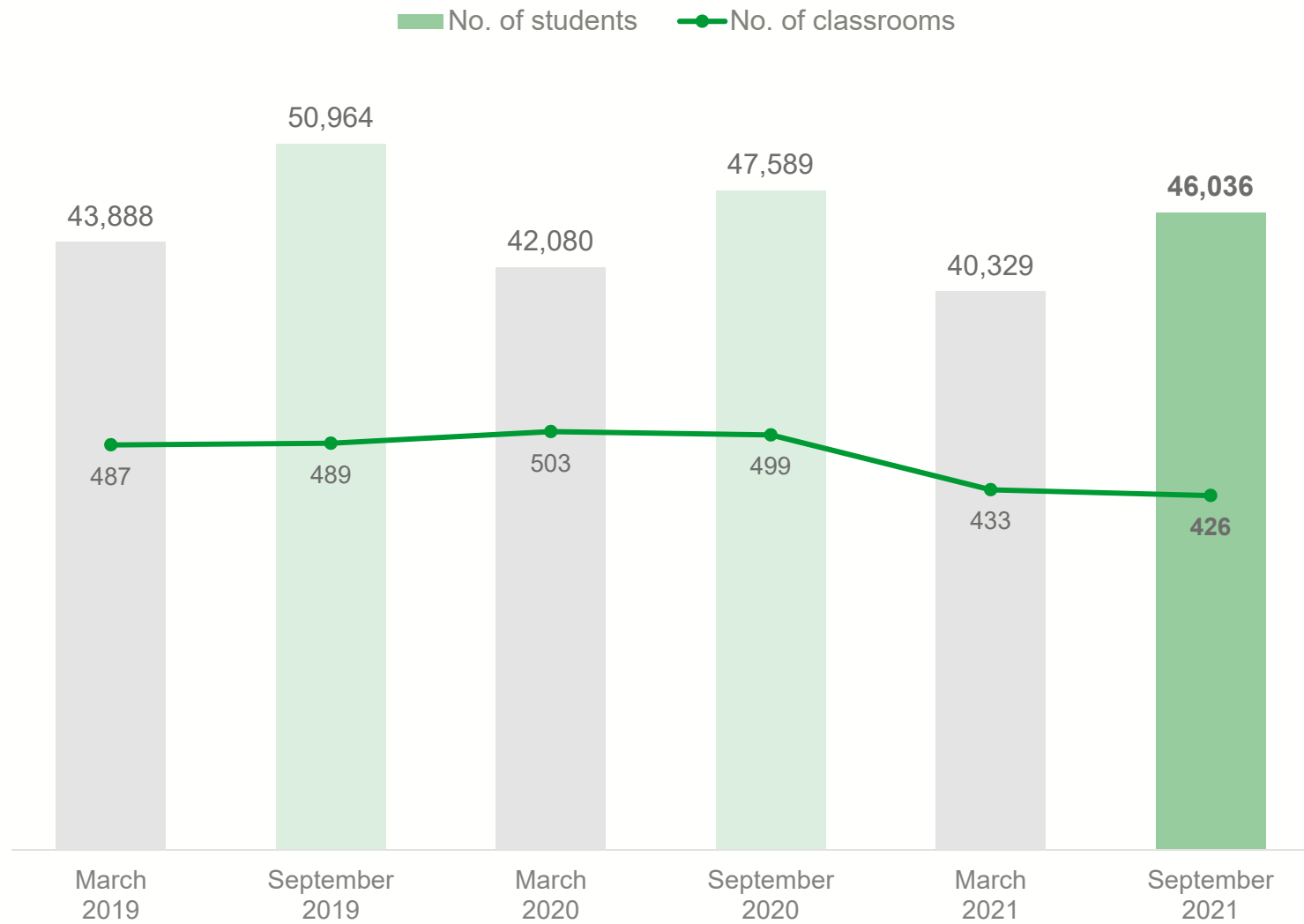


\*1: No. of members: Based on the number of course programs members are enrolled in. If a member is enrolled in two course programs, the number is counted as 2, and if a member is enrolled in three course programs, the number is counted as 3.

\*2: No. of classrooms: There are two certification categories for Gakken Classroom: (1) Math and Japanese and (2) English. A classroom certified in both categories is counted as 2.

# Educational Domain

## Learning Centers: No. of Students and No. of Classrooms

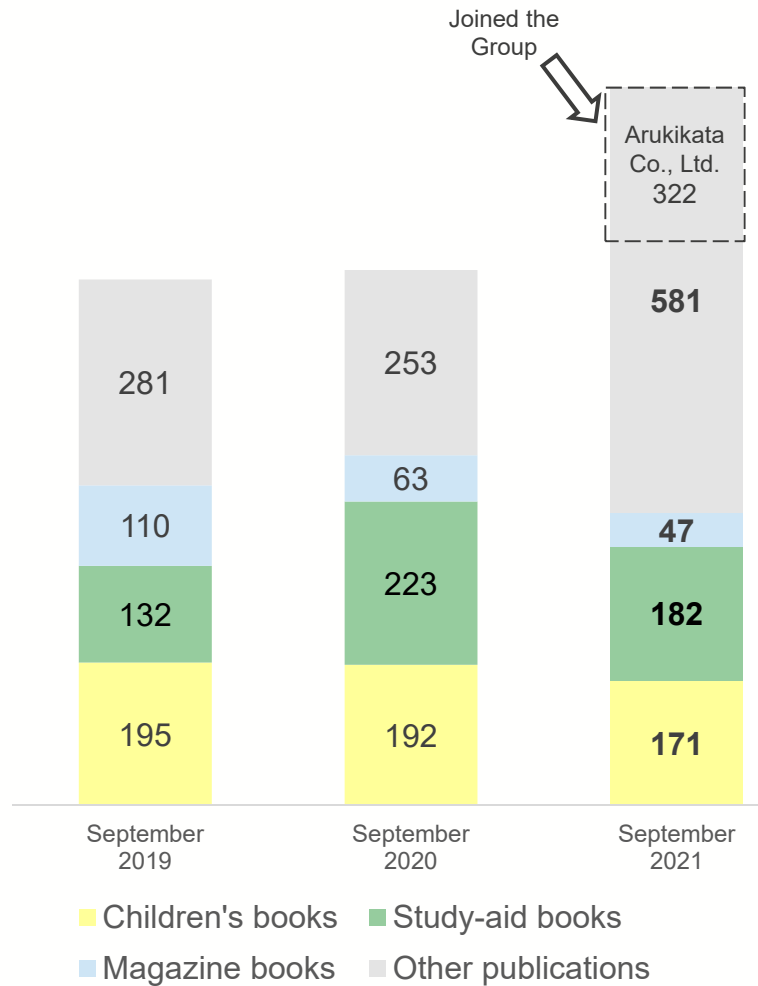




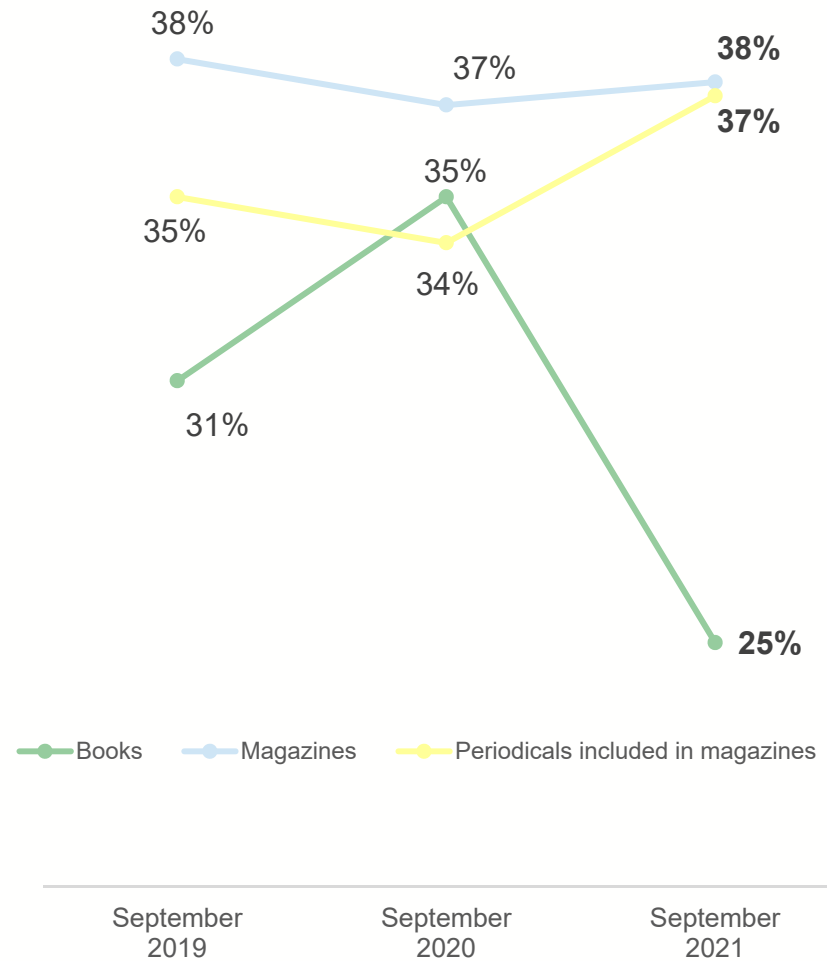
# Educational Domain

## No. of New Publications

No. of new publications  
 Note) Excluding periodicals and musical scores



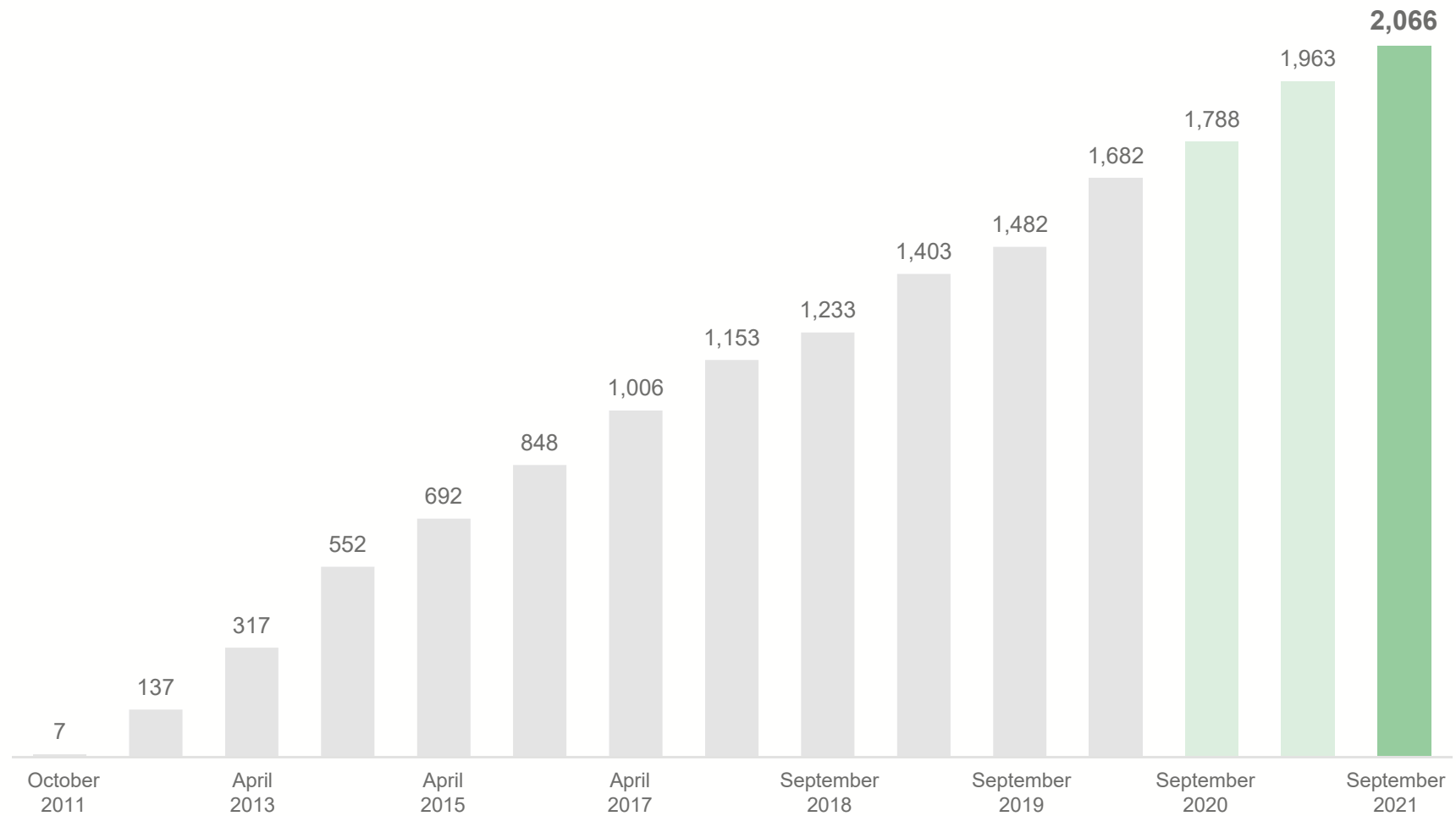
Rate of publications returned  
 Note) Excluding musical scores



## Educational Domain

### Medical and Nursing: No. of Hospitals Using E-learning Targeting Nurses

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# Educational Domain

## School Textbook Publication Schedule

	FY	2018	2019	2020	2021	2022	2023	2024	2025
Elementary School/health education	Examination	△				△			
	Adoption		●				●		
	Start of use			◎				◎	
Junior high school/physical and health education	Examination		△				△		
	Adoption			●				●	
	Start of use				◎				◎
Elementary school/moral education	Examination	△				△			
	Adoption		●				●		
	Start of use	◎		◎				◎	
Junior high School/moral education	Examination		△				△		
	Adoption	●		●				●	
	Start of use		◎		◎				◎

△Examination: Review by the Ministry of Education, Culture, Sports, Science and Technology (appropriateness as a textbook)

●Adoption: Decision by boards of education and principals on which textbook to use

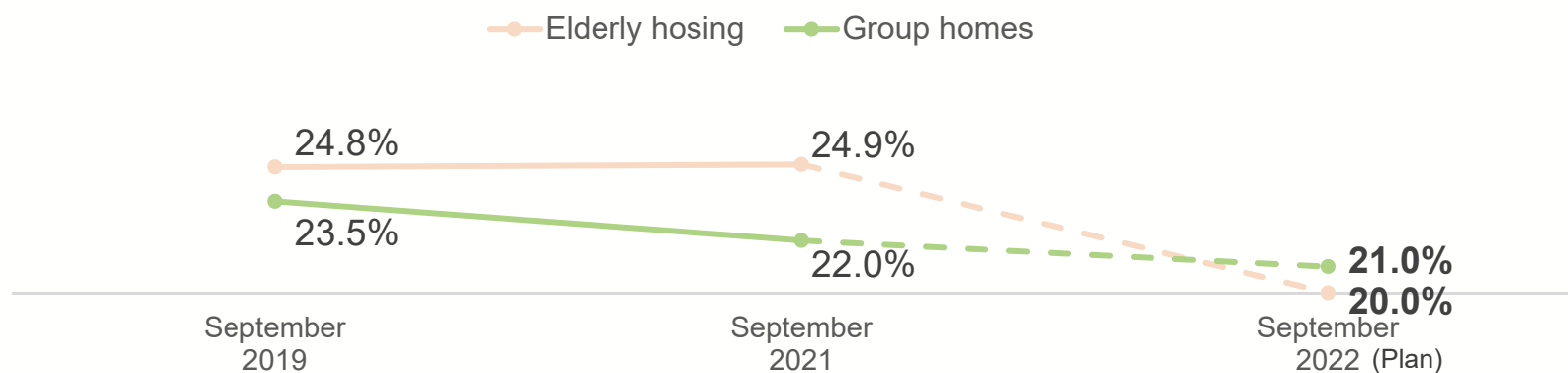
◎Start of use: Delivery to each school and students

# Healthcare and Nursing Domain

## Occupancy Rate, Utilization Rate and Turnover Rate

Occupancy rate and utilization rate		March 2020	September 2020	March 2021	September 2021	March 2022 (Plan)	September 2022 (Plan)
Elderly housing (Gakken Cocofump)	Total no. of units	6,898	7,182	7,717	8,308	8,901	9,652
	No. of occupied units	6,289	6,600	6,985	7,505	8,295	9,018
	Occupancy rate	91.2%	91.9%	90.5%	90.3%	93.2%	93.4%
Group homes (MCS)	No. of units	5,192	5,246	5,246	5,372	—	5,660
	Occupancy rate	98.0%	98.0%	98.0%	97.8%	—	97.5%
Child raising support facilities (Nursery schools)	Maximum no. of children	2,497	2,788	2,788	2,661	2,664	2,711
	No. of children enrolled	2,107	2,381	2,389	2,443	2,449	2,512
	Utilization rate	84.4%	85.4%	85.7%	91.8%	91.9%	92.7%

### Turnover rate



# Plans by Business for the Fiscal Year Ending September 30, 2021

(Billion yen)

Segment	Business	FYE Sep. 2021 results		FYE Sep. 2022 plan		Change	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
<b>Educational Domain</b>		<b>78.9</b>	<b>4.1</b>	<b>81.0</b>	<b>4.8</b>	<b>+2.1</b>	<b>+0.7</b>
	Classroom and Learning Center	31.5	0.9	33.0	1.5	+1.5	+0.6
	Publishing Content	31.5	2.8	32.0	3.0	+0.5	+0.2
	Kindergarten and School	15.9	0.7	16.0	0.6	+0.1	(0.1)
	Goodwill	—	(0.3)	—	(0.3)	—	+0.0
<b>Healthcare and Nursing Domain</b>		<b>65.8</b>	<b>3.0</b>	<b>70.0</b>	<b>3.1</b>	<b>+4.2</b>	<b>+0.1</b>
	Elderly Housing	27.4	1.3	31.0	1.4	+3.6	+0.1
	Group Homes for the Elderly with Dementia	33.2	2.2	33.5	2.1	+0.3	(0.2)
	Child Raising Support	5.2	0.0	5.5	0.1	+0.3	+0.1
	Goodwill	—	(0.5)	—	(0.5)	—	+0.0
<b>Other</b>		<b>5.6</b>	<b>(0.9)</b>	<b>6.0</b>	<b>(1.2)</b>	<b>+0.4</b>	<b>(0.3)</b>
<b>Group total</b>		<b>150.3</b>	<b>6.2</b>	<b>157.0</b>	<b>6.7</b>	<b>+6.7</b>	<b>+0.5</b>



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This document contains statements regarding business plans. These statements were prepared based on certain assumptions such as the economic environment and business policies as of the date of preparation. Please be aware, therefore, that they involve risks and uncertainties that may cause actual results to differ from these business plans.