Gakken

Securities code : 9470

# Financial Results for the Six Months

## Ended March 31, 2024

May 10, 2024

Gakken Holdings Co., Ltd.

Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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# Executive Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024

**Both sales and income increased year on year in the second quarter (cumulative), with significant improvement especially in profits.**

| Net sales | Operating profit | Ordinary profit | Net profit |
|---|---|---|---|
| **93.50** bn | **5.14** bn | **5.15** bn | **1.77** bn |
| YoY +15.2% ↗ | YoY +59.4 % ↗ | YoY +57.8% ↗ | YoY +43,1% ↗ |

Note: Figures are rounded to the nearest unit.

| | | |
|---|---|---|
| Net Sales | : | Increased 15.2% YoY due to growth in the healthcare and nursing domain, revision of elementary school textbooks, and consolidation of Ichishin Holdings and other companies. |
| Operating Profit | : | Despite continued difficult conditions in the classroom and publishing businesses, profit increased 59.4% YoY due to growth in the Healthcare and Nursing domain, as well as in school business and the highly profitable workforce development and language learning. |
| Ordinary Profit | : | increased 57.8% YoY due to increase in operating profit and decrease in foreign exchange losses |
| Net Profit | : | Despite loss on sales of stocks (1.0 billion yen) in 1Q, 43.1% YoY increased due to the above-mentioned increase in Ordinary profit |
| Improvement for ROE | : | Implemented share buyback totaling 2 billion yen (completed in February) |
| Progress of MTP | : | SHIFT," the theme of the medium-term management plan, is progressing in all areas. |

# Overview of Financial Results for the Six Months

## Ended March 31, 2024

# Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024

## Net Sales

93.50 B

YoY +15.2% ↗

Increased due to strong performance in the healthcare & nursing domain and consolidation of Ichishin Holdings, etc.

## Operating profit

5.14 B

YoY +59.4% ↗

Strongly increased due to the healthcare and nursing domain, the workforce development & language learning business and a revision of elementary schools textbooks.

## Ordinary profit

5.15 B

YoY +57.8% ↗

Despite decrease in equity method profit, increased due to increase in operating profit and decrease in foreign exchange losses

## EBITDA*

7.09 B

YoY +52.1% ↗

Increase in operating profit plus depreciation and amortization.

## Net profit**

1.77 B

YoY +43.1% ↗

Operating income increased, but the profit margin decreased due to the loss on sales of stocks.

*A total of operating profit, depreciation, goodwill amortization

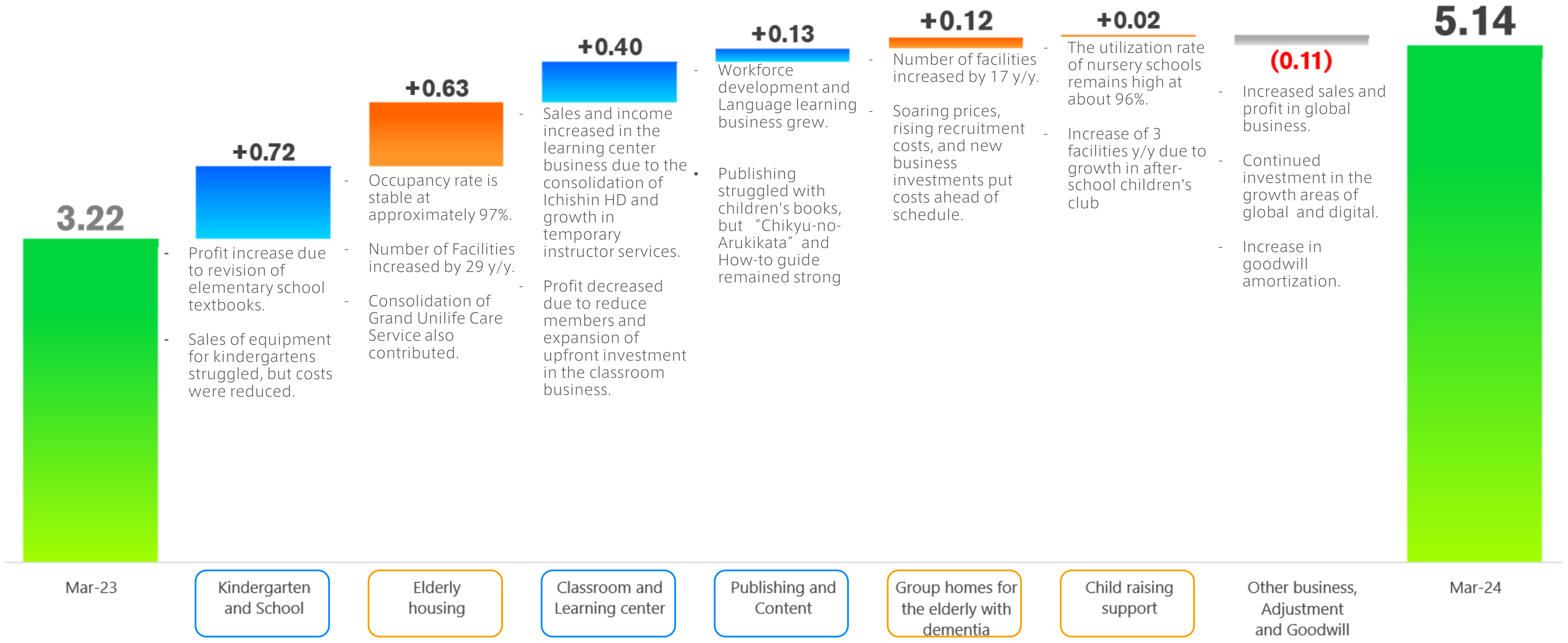
**Profit attributable to owners of parent

Note: Figures are rounded down to the nearest unit.

# Factors affecting Changes in Operating profit (YoY)

(Unit: Billion yen)

- In the Education Domain, revision of elementary school textbooks, workforce development and language learning business drove growth, while in the Healthcare and Nursing Domain, the Elderly housing business secured Operating profit growth.




Note: Figures are rounded down to the nearest unit.

# Summary of Results by Segment for the Six Months Ended March 31, 2024

(Unit: Billion yen)

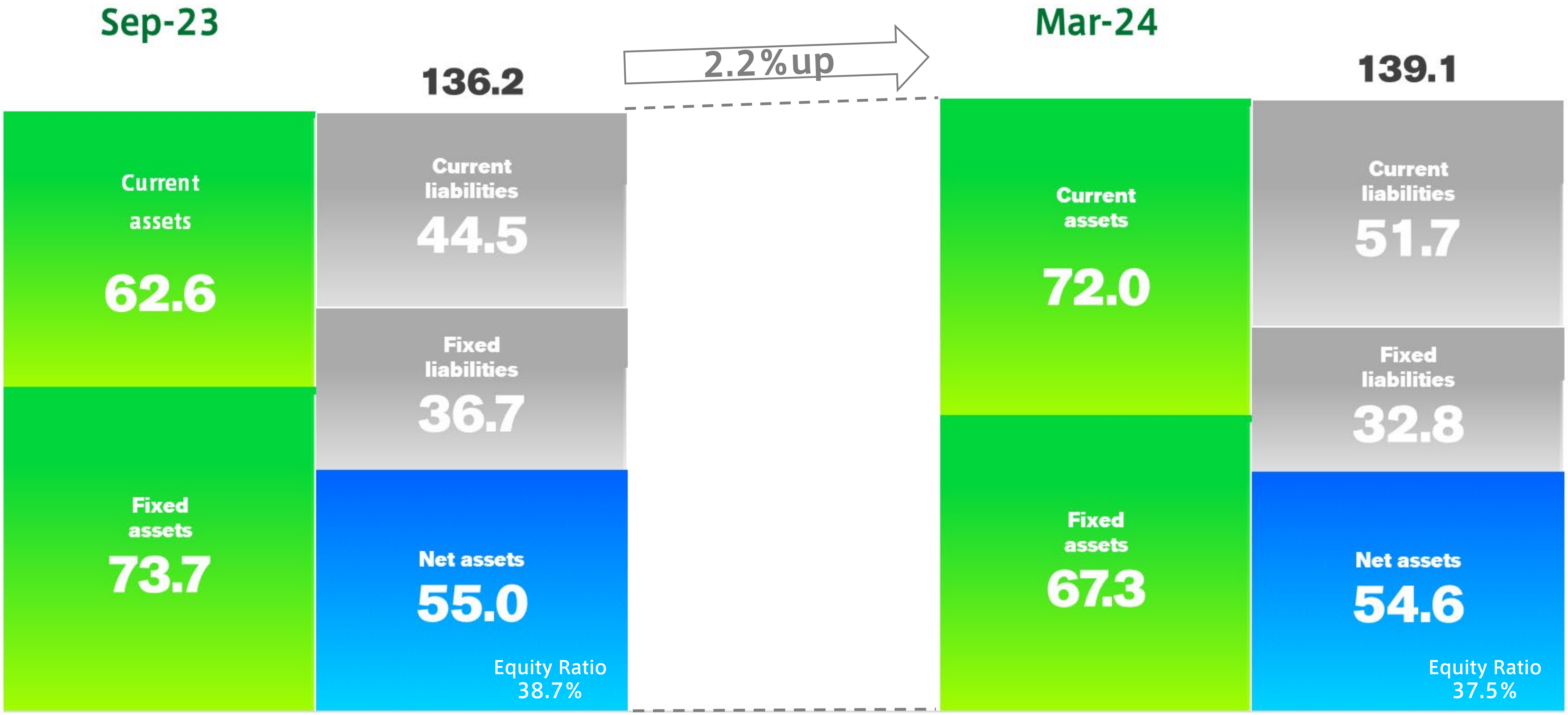
| Segment / Business | 2Q of FY2022 Net sales | 2Q of FY2022 Operating profit | 2Q of FY2023 Net sales | 2Q of FY2023 Operating profit | Change (YoY) Net sales | Change (YoY) Operating profit |
|---|---|---|---|---|---|---|
| **Education** | **40.18** | **2.56** | **48.17** | **3.67** | **+7.98** | **+1.12** |
| Classroom and learning center | 18.68 | 1.10 | 27.23 | 1.50 | +8.54 | +0.40 |
| Publishing and content | 13.88 | 1.11 | 13.05 | 1.24 | (0.83) | +0.13 |
| Kindergarten and school | 7.60 | 0.41 | 7.88 | 1.13 | +0.27 | +0.71 |
| Goodwill | – | (0.08) | – | (0.21) | – | (0.13) |
| **Healthcare and Nursing** | **38.08** | **1.37** | **42.14** | **2.10** | **+4.06** | **+0.72** |
| Elderly housing | 17.42 | 0.45 | 20.06 | 1.09 | +2.63 | +0.63 |
| Group homes for the elderly with dementia | 17.59 | 1.08 | 18.64 | 1.20 | +1.05 | +0.11 |
| Child raising support | 3.06 | 0.06 | 3.43 | 0.08 | +0.37 | +0.02 |
| Goodwill | – | (0.23) | – | (0.27) | – | (0.04) |
| **Other business** | **2.90** | **0.29** | **3.18** | **0.28** | **+0.27** | **(0.01)** |
| Adjustments | – | (1.00) | – | (0.92) | – | +0.08 |
| **Group total** | **81.17** | **3.22** | **93.51** | **5.14** | **+12.33** | **+1.91** |

Note: Figures are rounded down to the nearest unit.

# Consolidated Financial Position

(Unit: Billion yen)

- Despite an increase in working capital due to seasonal factors, total assets rose only 2.2% due to a reduction in fixed assets, mainly investment securities. Equity ratio remained above 37% despite share buyback.

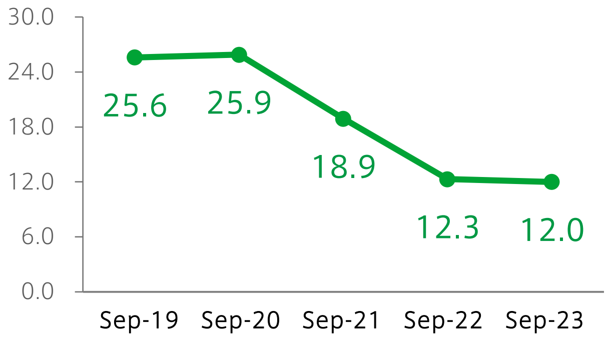



Note: Figures are rounded down to the nearest unit.

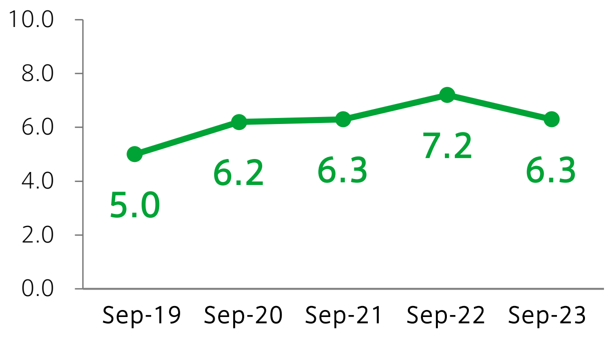
# Actions to achieve Cost of capital and Stock price Conscious Management

**To improve PER and ROE**

PER (Times)




ROE (%)




## Steady implementation of growth strategies

### Accelerate new business development

Continue active investment in global (Southeast Asia), recurrent re-skilling fields, and in the related business of healthcare and nursing domain.

### Strategic M&A to build the Group's earnings pillar

Strategically implement M&A that contribute to the Group's transformation and growth.

## Capital efficiency improvement

### Portfolio consolidation and conversion

Monitoring unprofitable businesses and shifting resources to growth areas

### Capital Cost conscious growth investments and M&A

Investment decisions made with WACC and IRR in consideration

## Shareholder return

### Dividends and Share buybacks

Dividend payout ratio of 30% or above, conducting flexible share buybacks

# Education Domain Business overview

Focused on the following three businesses extensively supporting learning, with an expanded service menu for workforce development

1) Classroom and learning center: Operation of preschooler classes and Gakken classrooms supporting learning in everyday life, and learning centers across Japan

2) Publishing and content: Production and sale of children's books, study-aid books, and other publications, as well as e-learning content

3) Kindergarten and school: Production and sale of goods for kindergartens and nursery schools, and provision of corporate training programs

# Revision of Education Domains' Sub-segments and Business Profile

## Old: By Sep-2023

| Segment | Sub segment | Main business |
|---|---|---|
| Classroom and learning center | Classroom | -Preschooler classes and Gakken Classroom<br>-Operation of digital services for classrooms |
| | Learning center | -Operation of learning centers<br>-Operation of ViSC (Virtual Smart Campus) |
| Publishing and content | Publishing | -General publishing (children's books, study-aid books, how-to guides, guide books, etc.)<br>-Publishing for learning centers |
| | Other than publishing | -Operation of experience-based English learning facilities<br>-Online English conversation<br>-Educational toys by Gakken Sta:Ful Co., Ltd.* |
| | Medical and nursing | -Publishing of specialized books (medical and nursing books)<br>-E-learning for nurses |
| Kindergarten and school | Preschooler | -Selling of goods to nursery schools and kindergarten |
| | School | -Textbooks for elementary and junior high schools<br>-Short essay tutoring for senior high schools<br>-Various other services for schools |
| | Working adult | -Corporate training |

*Became an equity method affiliate from 4Q of FY2022.

## New: From Oct-2023

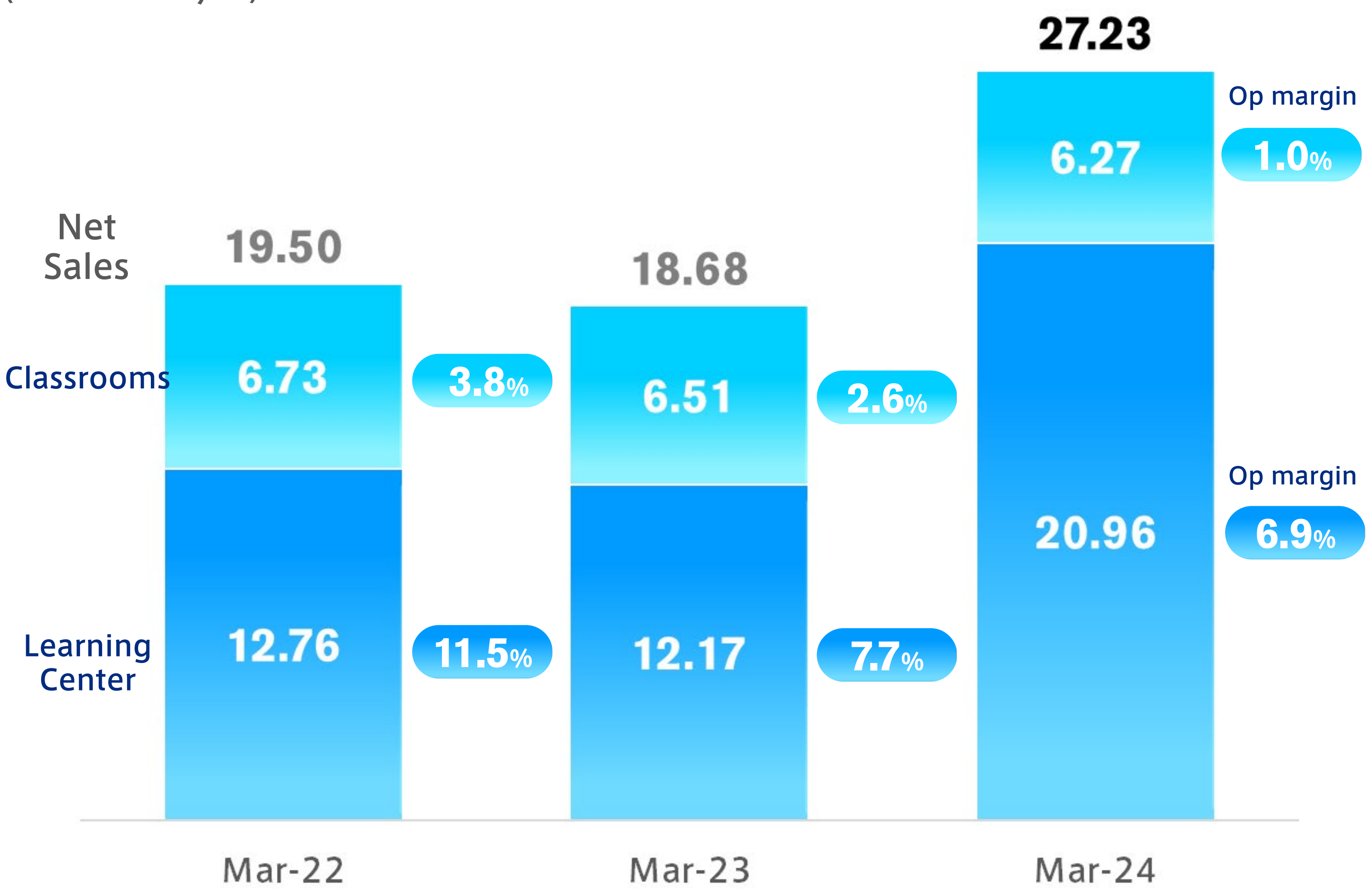
| Segment | Sub segment | Main business |
|---|---|---|
| Classroom and learning center | Classroom | -Preschooler classes and Gakken Classroom<br>-Operation of digital services for classrooms |
| | Learning center | -Operation of learning centers<br>-Operation of ViSC (Virtual Smart Campus)<br>-Ichishin Holdings Co., Ltd.*<br>-Publishing for learning centers |
| Publishing and content | Publishing | -General publishing (children's books, study-aid books, how-to guides, guide books, etc.)<br>-Publishing of specialized books (medical and nursing books) |
| | NEW Workforce development and language learning | -E-learning for nurses<br>-Operation of experience-based English learning facilities<br>-Online English conversation<br>-Corporate training |
| Kindergarten and school | Preschooler | -Selling of goods to nursery schools and kindergarten |
| | School | -Textbooks for elementary and junior high schools<br>-Short essay tutoring for senior high schools<br>-Various other services for schools |

*The nursing service business of Ichishin HD transferred from the category "group homes for the elderly with dementia" in the healthcare and nursing domain.

Classroom and Learning center business

# Summary for the Six months ended March 31, 2024

(Unit: Billion yen)




| Op Margin | 8.8% | 5.9% | 5.5% |
|---|---|---|---|

### Positives

- Significant increase due to consolidation of Ichishin Holdings, N.E. Holdings
- Number of new classe rooms and new members increased.
- Growth in the number of members of "Kotoba Park," an online Japanese language learning service.

### Negatives

- Sluggish growth in toddler class membership
- Decrease in Learning center attendance due to less competition for entrance examinations

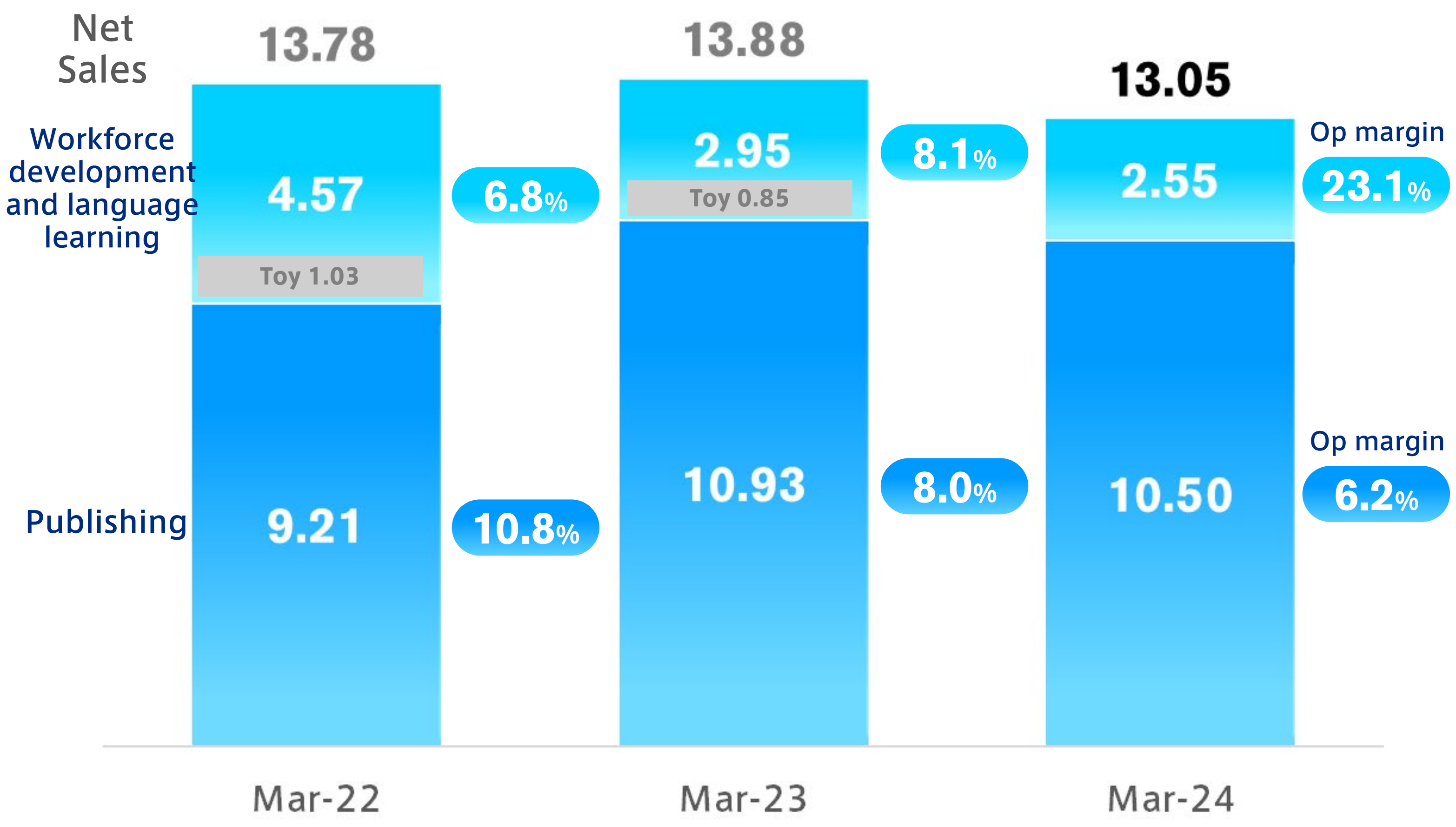
The learning center business incorporates Ichishin Holdings' financial results for the six months (September to Febrary) of the fiscal year ending February 29, 2024.

Note: Figures are rounded down to the nearest unit.

Publishing and Content business

# Summary for the Six months ended March 31, 2024

(Unit: Billion yen)




| Op Margin | 9.5% | 8.0% | 9.5% |
|---|---|---|---|

## Positives

- Hit titles in the Chikyu no Arukikata and Otona no Kagaku (Science for Adults) series
- Steady performance in the nursing e-learning business
- Online English conversation business strong
- Increase in revenue and profit from corporate training
- Decrease in cancellations due to Corona reasons at experiential English learning facilities

## Negatives

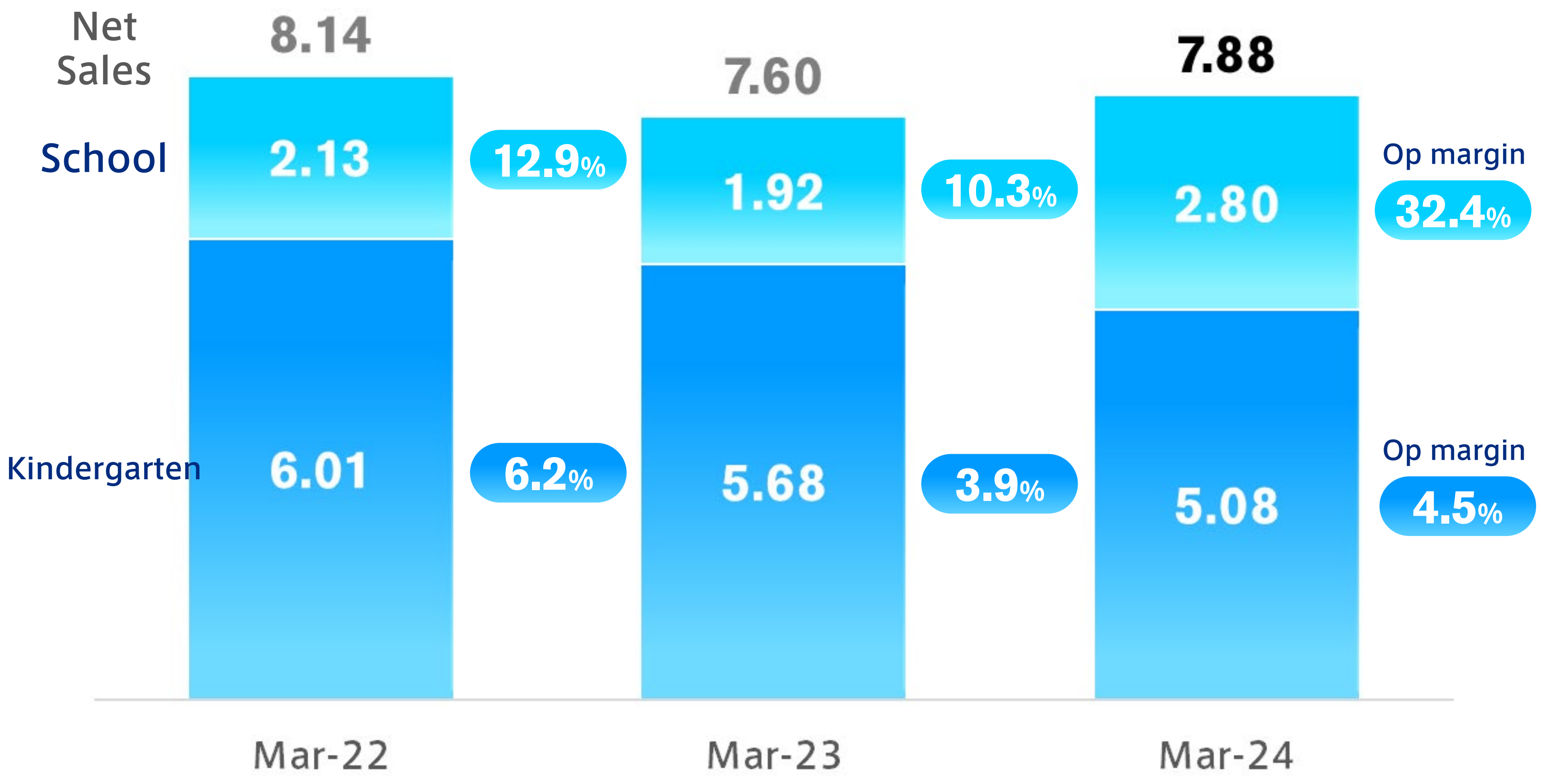
- Return rate of publications worsened by 3.5% pt. YOY.
  2023 : 23.3% → 2024 : 26.8%
- Sales of children's books were weak.
- Toy sales are no longer consolidated.

Note: Figures are rounded down to the nearest unit.

Kindergarten and School business

# Summary for the Six months ended March 31, 2024

(Unit: Billion yen)




| Op margin | 7.9% | 5.5% | 14.4% |
|---|---|---|---|

### Positives

- Sales of guidebooks and subtexts increased significantly due to the revision of elementary school textbooks.
- Monthly magazine for kindergarten children and short essay tutoring business remained strong.

### Negatives

- Orders for large playground equipment and fixtures for kindergartens were sluggish due to a decrease in the number of new kindergartens.
- Decrease in subsidies and sluggish demand have resulted in poor sales of original products such as aprons for teachers.

Note: Figures are rounded down to the nearest unit.

# Healthcare and Nursing Domain
# Business overview

Addressed the social issue of aging society with a declining birthrate to create a community where people of all generations can live with peace of mind in three businesses

1)Elderly housing: Planning, development, and operation of serviced apartments for the elderly, bases for elderly care services, etc.

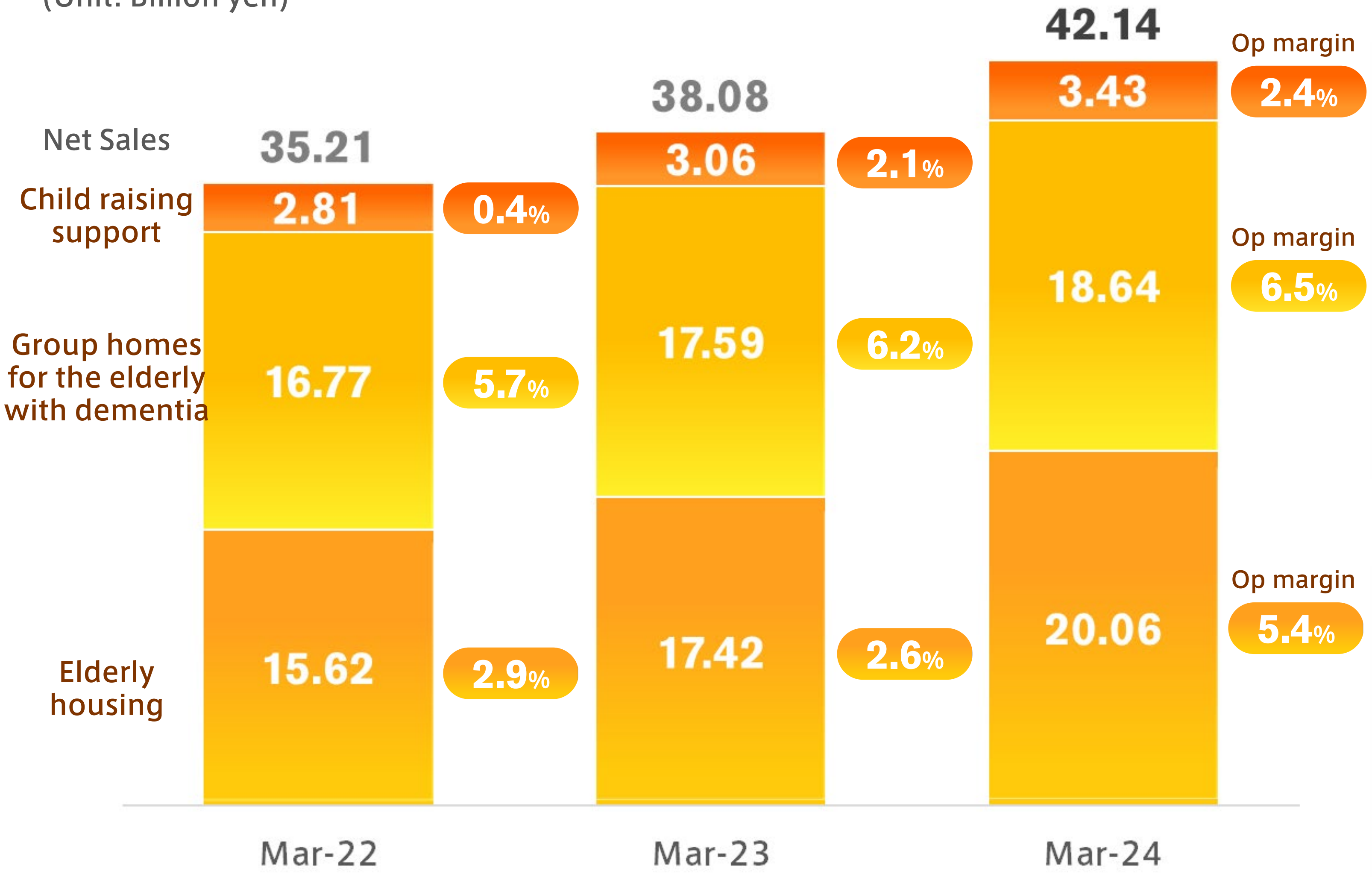
2)Group homes for the elderly with dementia: Operation of group homes and planning, development, and operation of related services

3)Child raising support: Planning, development, and operation of nursery schools, children’s daycare centers, after-school children’s clubs, etc.

Healthcare and Nursing Domain

# Summary for the Six months ended March 31, 2024

(Unit: Billion yen)




| Op Margin | 3.4% | 3.6% | 5.0% |
|---|---|---|---|

## Positives

- New openings as scheduled by 2Q.
  →Elderly housing (+22)
  →Group homes (+ 6)
- Occupancy and utilization rates trending at high levels.
  →Elderly housing 97.4%
  →Group homes 96.7%
  →Nursery schools 95.9%

## Negatives

- Some owners becoming cautious about construction decisions, including postponement of new facility openings due to soaring construction costs.
- Cost increases due to soaring prices of commodities, such as food prices.

Note: Figures are rounded down to the nearest unit.

# Progress of “Gakken2025”

# Theme of Gakken 2025 ～SHIFT～

**Gakken 2023**

**Building the Foundation for Continuous Growth**

DX Acceleration and Global Business Expansion

Education — Creations of New Learning and Diverse Learning Opportunities

Healthcare and Nursing — Aiming to Become the Leading Company by Contributing to the Creation of Sustainable Societies

2021-2023

**Gakken 2025**

**SHIFT**

**Shift Toward Gakken 2030 by Solving the Remaining Issues from Gakken 2023**

Education — Enhancement in the Prioritized Businesses and Challenge for New Businesses

Healthcare and Nursing — Enhancement in Healthcare and Nursing Business and Pursue Sustainability to Become the Top Company

2024-2025

**Gakken 2030**

**Aspiration**

**Inspire Unlimited Potential**

2026-2030

80th Anniversary

# Highlights of Gakken 2025 key principles

## Progress in efforts toward "medium- to long-term breakthrough" in each part of the Group

| | | |
|---|---|---|
| 1 | Proactive Portfolio Managements | - Secured investment capacity through the transfer of the entire stake in JP Holdings. (8.9 billion yen)<br>- Promoted several business alliances including capital investment. (Gakken LX, 2 investments by CVC) |
| 2 | Improve Competitiveness in Focused Businesses | - Education : Progress in expanding the number and the region of classrooms and learning centers, strengthening group cooperation with the language learning business.<br>- Healthcare & Nursing : Accelerate development of new facilities and initiatives for multi-generational interaction at existing facilities. |
| 3 | Acceleration in New Business Creation and Innovation | - Education : Progress in global business growth and Expansion of service lineup for O-18.<br>- Healthcare & Nursing : Promote development of related business areas and strengthen response to various needs, |
| 4 | Strategic M&A to Establish New Core Revenue Generating Businesses | - Execute strategic M&A (4.2 billion yen) of Grand Unilife Care Services, Inc.<br>- Established Business Alliance Office and prepared for sourcing potential targets |
| 5 | Cost Management Optimization | - Gakken Holdings leads reorganization of cost management strategy<br>- Each parts of the group are responding well to the increased awareness of profitability. |
| 6 | Active Investments in Talent Aquisitions, Digital and Global Business Foundations | - Prioritize resources for mindset transformation around the new MMV.<br>- Promote training and hiring of human resources for global business and DX at all levels |

# Group Strategy Overview for Gakken 2025

## New Challenges
Strategies and Actions to Redefine Market

**Education**
(Expansion for All Generations, Regions, and Diversity)

- Learning Contents and Services for All
- Recurrent Education and Reskilling Businesses
- Global Business Expansion (Global South)

**Healthcare and Nursing**
(Wide Variety of Customer Touchpoints)

- High-Value Business Models
- Wellness Services
- Services for Leaving No One Behind

+

## Business Value Enhancement
Strategies and Actions to Win

**Contents and Services for All Generations and the World**

U-5 | K-12 | 0-18

Shikaku Pass
CC LESSON

**High Quality Education Materials and Supplies for Schools and Kindergartens**

Digital Education Materials | Supplies

**Nursing Care + High Value Services Creation**

Design & Supplies | Meals | Home Medication | Home Nursing

SYSCARE
CareStar
Nursing

+

**Elevate Customer Touchpoints as the Most Reliable Brand in the Industry**

Classrooms | Online Service | Learning Centers | Elderly Housing | Group Homes for the Elderly with Dementia | Child Raising Support

学研教室
Gakken ON AIR
Cocofump
KLOCKA

## Solid Management Foundation Enhancement

- Penetration of Gakken Identity to All Employees
- Human Capital Investments
- Digital Transformation
- Management Structure
- Financial Strategy

# New Challenges

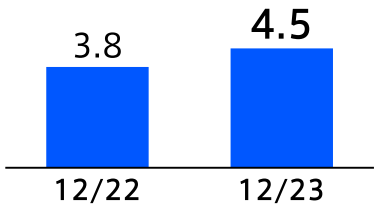
Education

## Progress in global business growth and Expansion of service lineup for O-18

| U-5 | K-12 | O-18 |
|---|---|---|

### DTP in Vietnam Growing

Net Sales ( Unit: Billions yen )




**Achievement of plan for FY2023 (+18% YoY growth)**

Exchange rate USD/VND24,820.00 : USD/JPY 150 : VND/JPY 0.0062

- Started sales of more than 40 titles of children's picture books and workbooks
- Began cooperation with "Gakken no Kagaku" and Chinese business in a major way.

| Book Sales | Schooling | Online |
|---|---|---|
| Children' Books (picture book, workbook) | STEAM Education | Subscription service for School teacher |

- Continued discussions on further deepening the relationship.

### New services for O-18

| Service Name | Current Status | Future development targets (planned) |
|---|---|---|
| Shikaku-Pass | Currently 4 courses have been launched | Promote genre and course expansion |
| Online learning services for certification<br>- Language/interaction skills<br>- Financial/wealth management<br>- IT knowledge/IT skills<br>- Professional qualifications, etc. | FP level 2 and 3<br>IP・FE | Real Estate Notary, Welfare related …<br>TOEIC, Korean (language) …<br>FP, Wealth management …<br>IP・FE, AWS … |
| Gakken LX | Two courses are under development | Developing a national certification to offer exam waiver training |
| E-learning for National Certification Courses | Drone Audit<br>Child Development Management | over 100 |


# Business Value Enhancement

**Education**

## Continue to strengthen response to potential needs in existing business areas

| U-5 | K-12 | O-18 |
|---|---|---|

### Expansion of area and content

**In classroom and learning center business Competitiveness Up**

- Rise CO., LTD. in Oita joined the Group
- Strengthened efforts in the development of non-cognitive ability
  - Revamped the service concept of Gakken Classrooms
  - Rolled out learning centers through collaboration with Enageed Co., Ltd.


### Strengthening customer attraction with group collaboration

**The number of "Kimini" English conversation users exceeded 250,000**

- Actively implemented group collaboration projects
- Newly established ambassadors for *kimini* online English conversation lesson


In addition to the above, a total of 160 courses including preparation for the English Proficiency Test, etc.

### Support for foreign staff training

**Nursing e-learning Subtitles in 4 languages added**

- Catered to English, Vietnamese, indonesian, and Nepalese language needs in ancillary services related to nursing assistants

# New Challenges

**Healthcare and Nursing**

## Aggressively promoting forward investment and business development for medium- to long-term breakthrough.

### High value-added, University-connected CCRC

**Strengthen collaboration with universities and business partners**

**Complex facility in cooperation with universities, Pilot multi-generational communication**

Collaboration with Nintendo to improve the quality of life of the elderly

Nursing careers event for college students

### Wellness Services

**Building touch points for the preventive generation**

**Collaboration with Media and Publications Enhancement of information dissemination**



- Published a popular health column that has been read 100 million times on "Kentatsu.net" with 3 million PV per month.
- Approach the healthy life extension market by building touchpoints both online and in the real world.

### Service that leaves no one behind

**Focus on child development needs**

**Achieved 80 sites in operation of childcare and support facilities 43 childcare centers 30 school children 8 developmental support, etc.**


In light of growing customer needs

- Strengthening the establishment of "KLOCKA," a child development support facility, and new contracts for children's club for afterschool activities.
- Diversification of business areas, including "Mirai Gate," a daytime free school specializing in elementary school students

# Business Value Enhancement

Healthcare and Nursing

## Expand development areas while keeping high occupancy and utilization rates.

### Facilities development

Continue aggressive new development

**Elderly housing, Group homes Increased by 28 facilities**

Elderly housing
Six months ended Mar. 31, 2024
+22

Cocofump Saga Arashiyama

Group homes
Six months ended Mar. 31, 2024
+6

Ainole Group Home Sagamihara Shimokuzawa

### Promoting M&A

Increase business opportunities in elderly care services and its peripheral areas

**Six months ended Mar. 31, 2024**
**Concluded 5 projects**

Large M&A in elderly care business
Business alliance with JSB Group

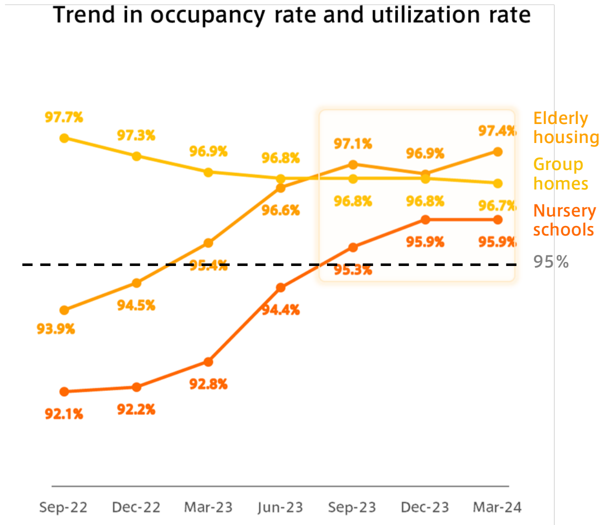
| Gakken HD | ✖ | JSB Group |
|---|---|---|
| Operation of elderly care facilities<br>Education services | | Development, lease, and management of student housing |

Acquired elderly care business subsidiary (Grand UniLife Care Service Co., Ltd.) that works to solve local issues, such as creating opportunities for interaction, in response to diverse needs

### Operation of the facility

Maintain high standards even while expanding locations

**Occupancy rate/ Utilization rate**
**Kept at over 95%**



# -Enhance Organizational Unity and Evolution-

Corporate

We believe the most important thing is to change the mindset and execution of the entire group.

## "Change the mindset" of staff and management to realize SHIFT

### Penetration of Corporate Identity

- Tour of Group companies by HD executive management team
- Aggregation and progress management of top commitments of each company
- Revamp of formats of company newsletters, bulletin boards, ID cards and documentation


company newsletter


bulletin board


ID card

## "Organizational Capability" to realize SHIFT

### Promote training and recruitment measures at each level of the organization

- Strengthening of competencies of management-level employees (*Keiei Dojo*)
- Development of executive candidates (*G-LEADERS*)
- Strengthening of recruitment with HD and LEAP as hubs

Global

DX・BX

Coporate

Strengthening of Group recruitment centered on strategic companies (HD, LEAP, and others)

Management foundation
# -Enhancement of Management Control-

Corporate

## Seeking high quality investment opportunities and implementing structural transformation in parallel to improve capital efficiency.

### M&A/Portfolio

**Portfolio reclassification**

Gakken HD B/S

IN

GUCS Shares

OUT

JPHD Shares

Cash Flow

4.2B Cash-out

8.9B Cash-in

**Accelerated establishment of systems to promote investment**

- Newly established Business Alliance Office
- Revamped shortlist of over 30 projects
- Clarified sourcing and deliberation criteria

### Business improvement /Cost reduction

**Reorganization of digital transformation strategy**

HD-led themes

- Re-examine customer experience (ex. ID strategy)
- Improve digital governance and BCP
- Cost structure reform /Data utilization

**Observed cost awareness improvements at individual locations**

- Reduced administration costs on a scale of hundreds of million yen
- Progressed examination of return on content investments
- Reorganized system investment priorities

### Capital costs /Shareholder returns

**Share buybacks**

2.0B

Completed in Feb. 2024

reversal of share price trend

**Greater focus on stakeholders**

- Shareholder returns through share acquisition
- Careful examination of dividend payout ratio and return policy
- Initiatives for sustainability and D&I

# Focus points for the second half
## of the fiscal year ending September 30, 2024

Focus on achieving this fiscal year's plan and "sowing seeds" for further growth in the following fiscal year

### Education

**Accelerate growth in focus areas**
- Recurrent/Reskilling
- Global/language business

**Enhance competitiveness of classrooms and learning centers at each location**
- Strengthen student recruitment
- Enhance services provided

**Transformation of kindergarten and preschooler businesses**
- Initiatives to improve performance
- Accelerate structural reform

### Healthcare and Nursing

**Pursue facilities development plan**
- Elderly housing / Group homes
- Childcare / Child development support

**Business development in peripheral areas**
- Wellness services
- Funeral Services

**Enhance to recruit talent /Improve staff turnover rates**
- Certified care workers
- Nursery school teachers

### Corporate

**Make appropriate decisions on growth investment**
- M&A for sustainable growth

**Continue portfolio changes**
- Optimize allocation of resources
- Review business promotion systems

**Enhance Group management personnel**
- Key personal for focus areas promotion
- Leaders for New Challenges

# Target in Gakken 2025

## No change in planned figures

(Unit: Billion yen)

| Consolidated | 2023 (Actual) | 2024 (Plan) | 2025 (Plan) |
|---|---|---|---|
| Net Sales | 164.1 | 185.0 | 200.0 |
| Education | 79.5 | 92.0 | 98.0 |
| Healthcare and Nursing | 78.6 | 87.0 | 94.0 |
| Others | 6.0 | 6.0 | 8.0 |
| Operating Profit | 6.2 | 6.4 | 7.0 |
| Education | 3.9 | 4.9 | 5.9 |
| Healthcare and Nursing | 3.8 | 4.2 | 4.6 |
| Others(Including Adjustment) | (1.6) | (2.7) | (3.5) |
| EBITDA | 9.3 | 9.6 | 10.3 |
| Ordinary Profit | 6.5 | 6.6 | 7.2 |
| Net Profit | 3.2 | 2.7 | 3.5 |
| ROE | 6.3 % | 5.2 % | 6.6 % |

Note: Figures are rounded down to the nearest unit.

# Target in Gakken 2025 by Business segment

(Unit: Billion yen)

## No change in planned figures

| Segment | Sep-2023 | | Sep-2024 | | Sep-2025 | |
|---|---|---|---|---|---|---|
| Business | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| **Education** | **79.5** | **3.9** | **92.0** | **4.9** | **98.0** | **5.9** |
| Classroom and learning center | 35.1 | 1.8 | 52.0 | 2.2 | 54.0 | 2.9 |
| Publishing and content | 30.8 | 2.3 | 26.5 | 2.8 | 32.0 | 3.2 |
| Kindergarten and school | 13.6 | 0.0 | 13.5 | 0.2 | 12.0 | 0.1 |
| Goodwill | – | (0.2) | – | (0.3) | – | (0.3) |
| **Healthcare and Nursing** | **78.6** | **3.8** | **87.0** | **4.2** | **94.0** | **4.6** |
| Elderly housing | 36.0 | 1.9 | 42.0 | 2.3 | 46.0 | 2.6 |
| Group homes for the elderly with dementia | 36.3 | 2.3 | 38.5 | 2.3 | 41.0 | 2.4 |
| Child raising support | 6.2 | 0.1 | 6.5 | 0.1 | 7.0 | 0.1 |
| Goodwill | – | (0.5) | – | (0.5) | – | (0.5) |
| **Other business** | **6.0** | **0.4** | **6.0** | **0.3** | **8.0** | **0.5** |
| Adjustments | – | (2.0) | – | (3.0) | – | (4.0) |
| **Group total** | **164.1** | **6.2** | **185.0** | **6.4** | **200.0** | **7.0** |

Note: Figures are rounded down to the nearest unit.

# Shareholder Returns Policy in Gakken 2025

No change in planned figures

## Basic Policy on Shareholder Returns

Dividend payout ratio of 30% or above

Flexible shareholder returns in consideration of equity ratio

## Shareholder Return Policy for the FY2023

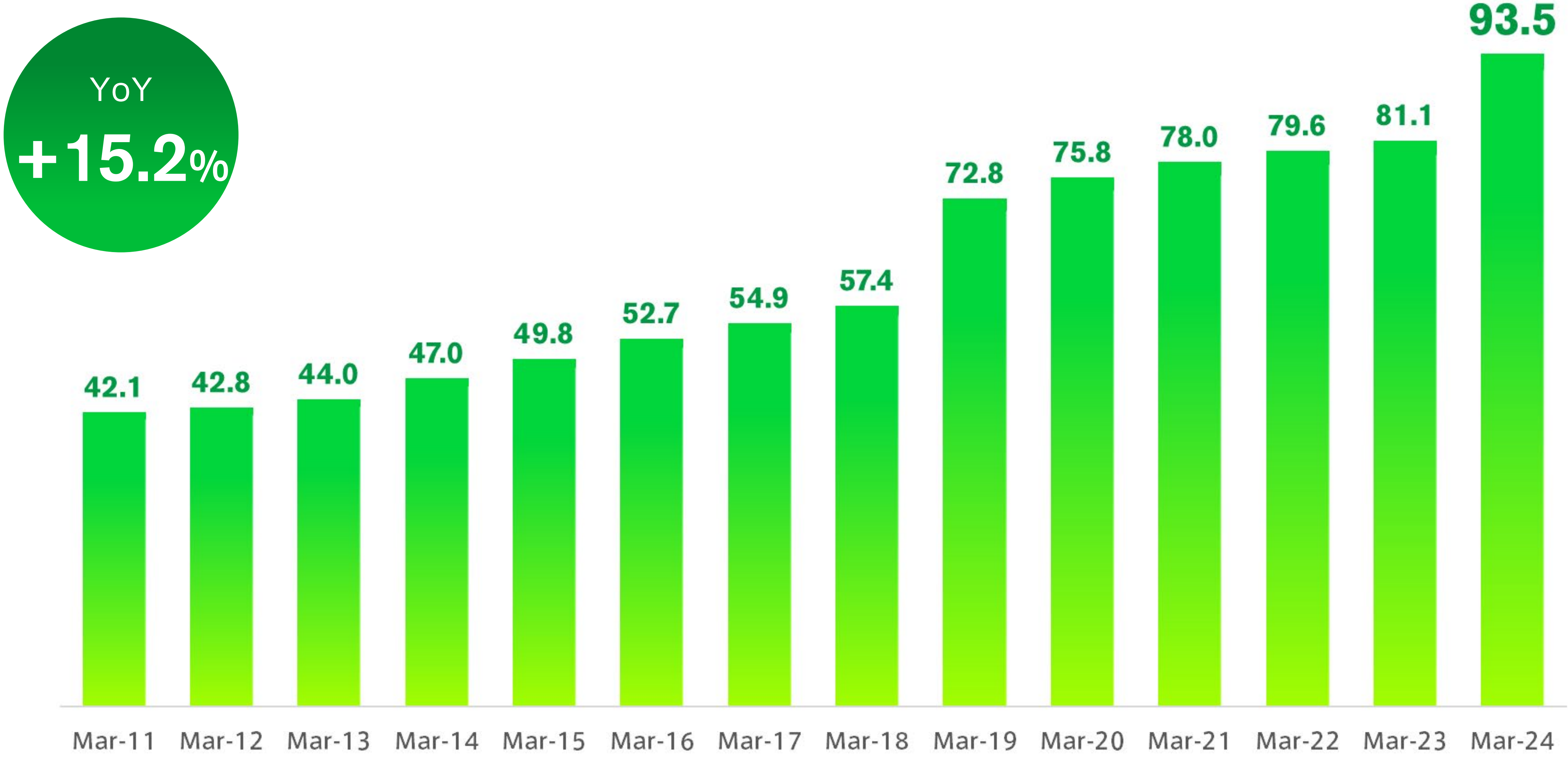
Share buyback (2 billion yen) completed

Annual dividend 25 yen

# Supplementary Materials

# 2Q Trends of Net sales

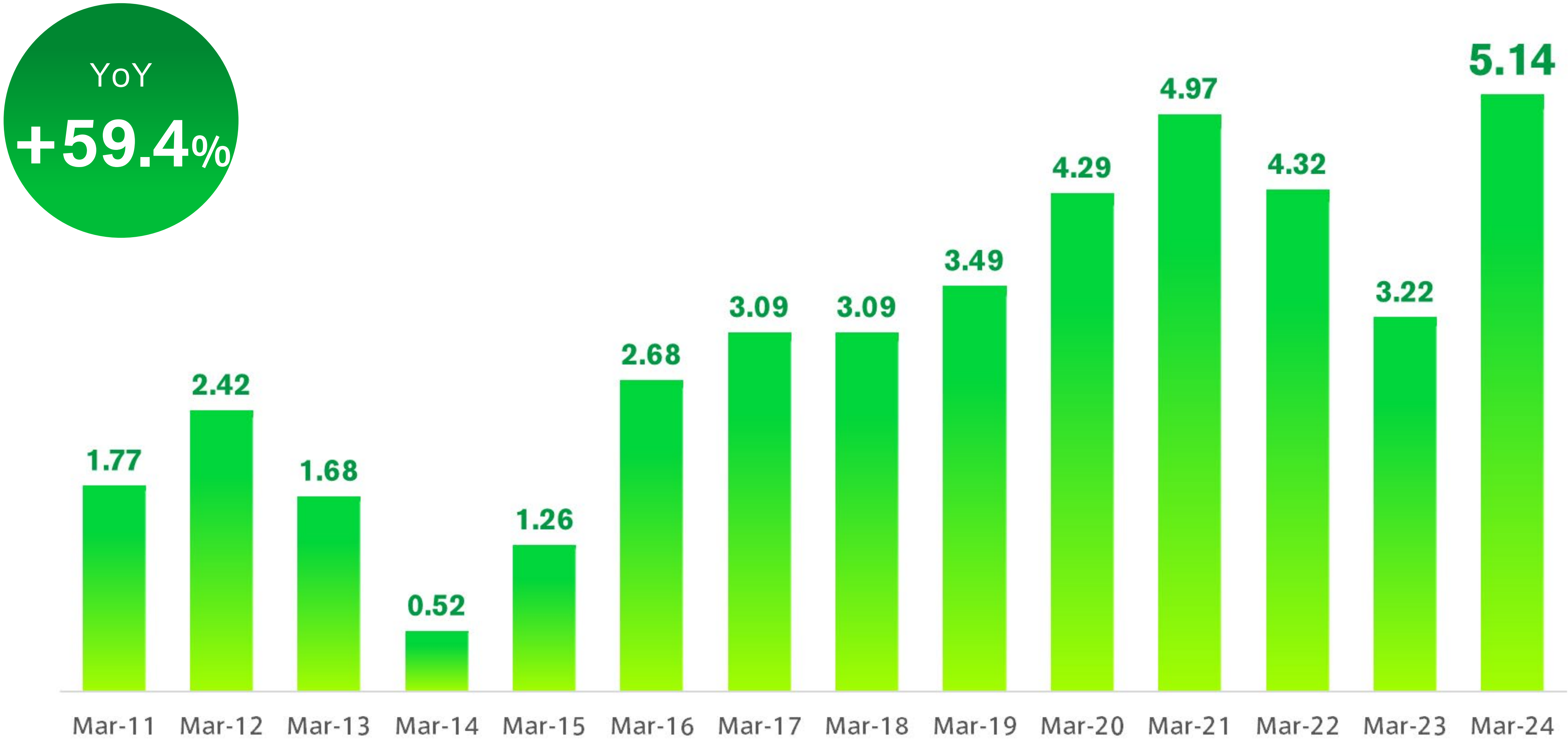
(Unit: Billion yen)




Note: Figures are rounded down to the nearest unit.

# 2Q Trends of Operating profit

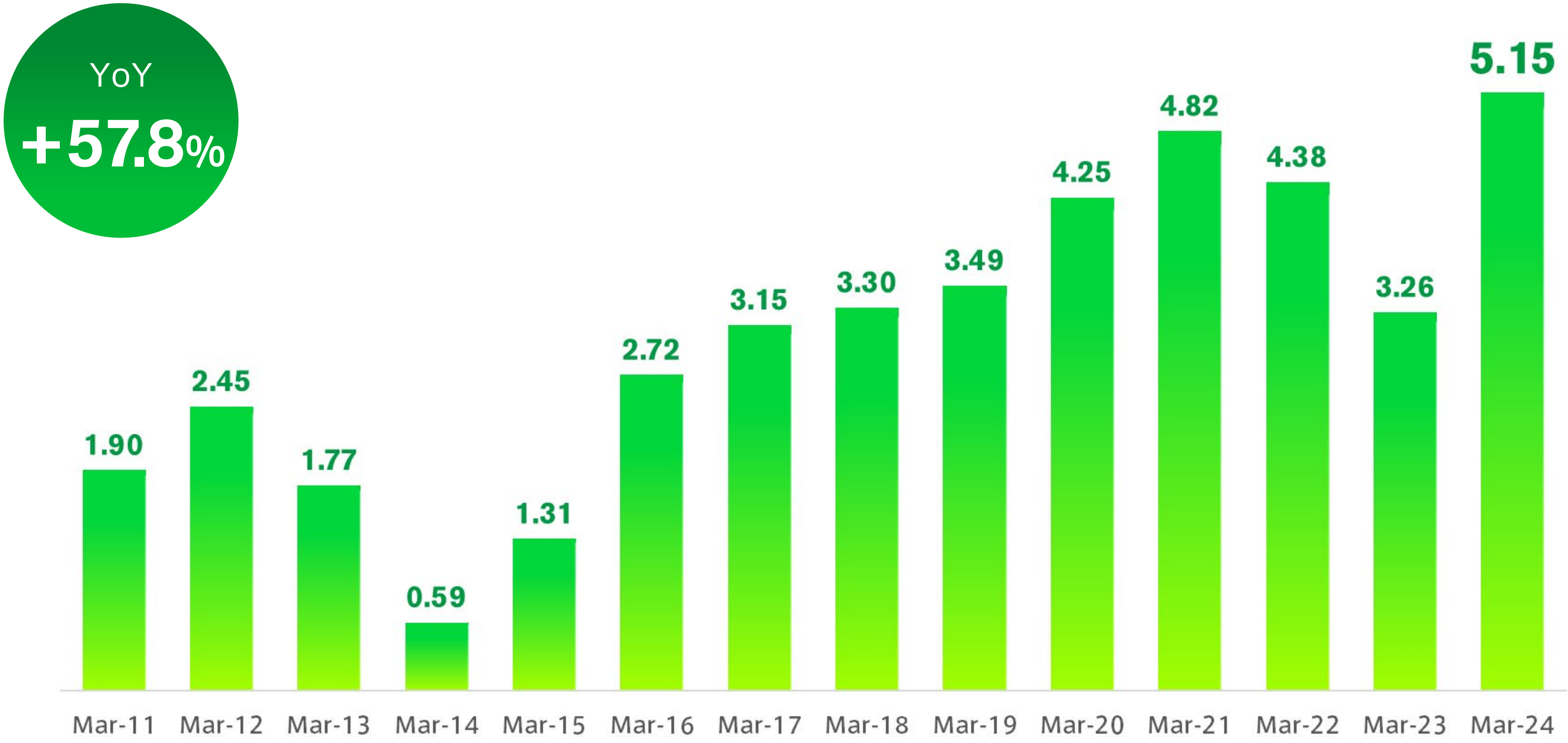
(Unit: Billion yen)




Note: Figures are rounded down to the nearest unit.

# 2Q Trends of Ordinary profit

(Unit: Billion yen)

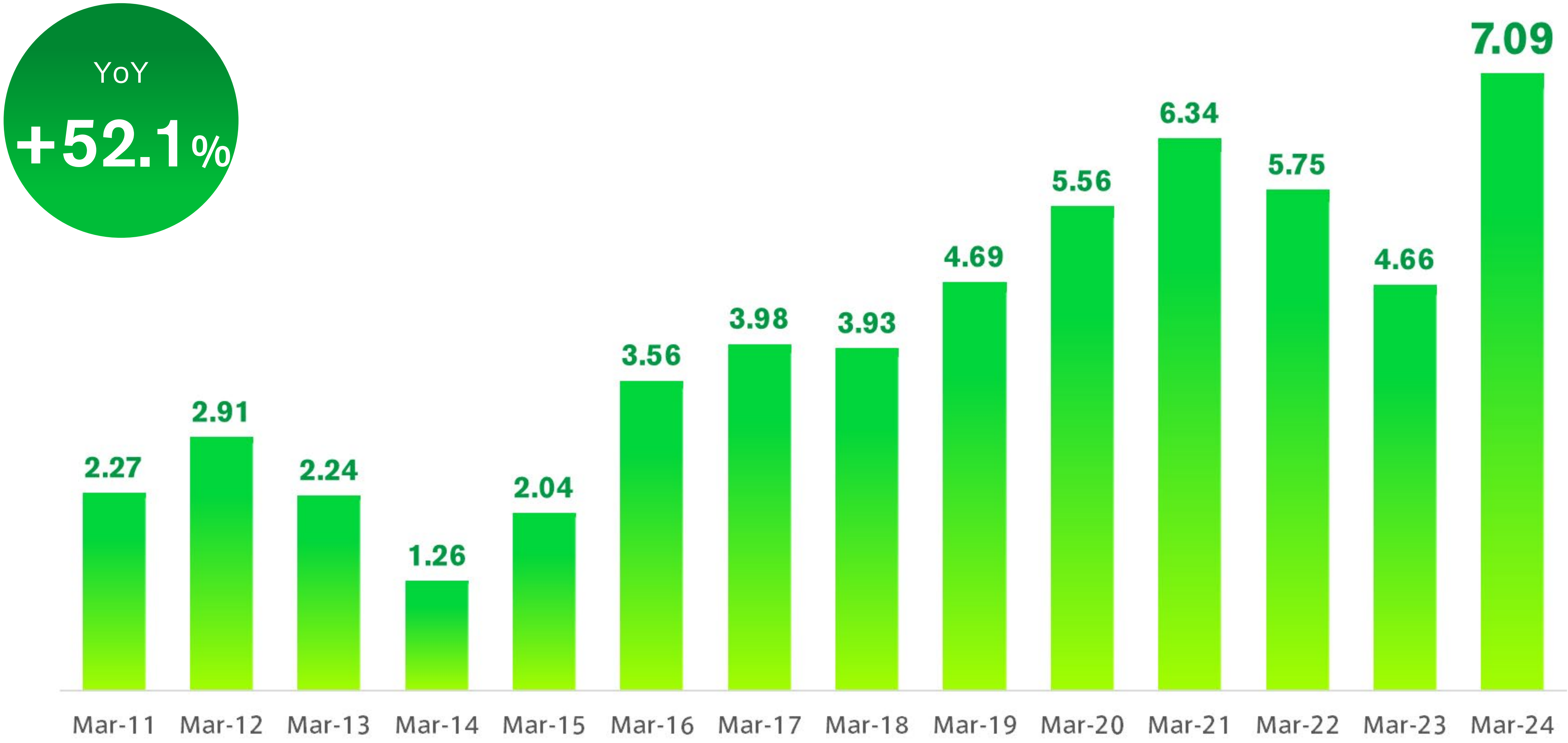



Note: Figures are rounded down to the nearest unit.

# 2Q Trends of EBITDA*

(Unit: Billion yen)

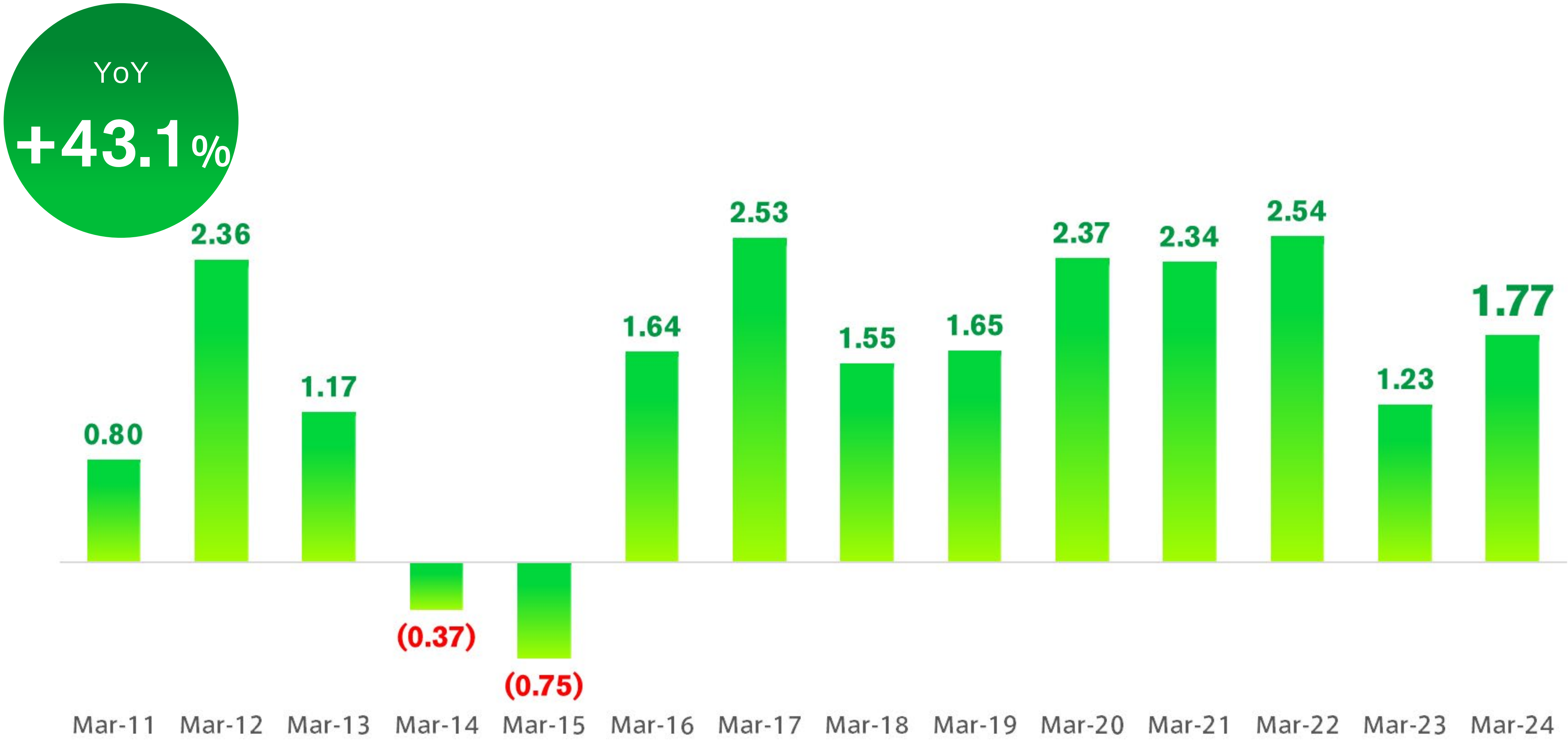
*A total of operating profit, depreciation, goodwill amortization




Note: Figures are rounded down to the nearest unit.

# 2Q Trends of Net profit

(Unit: Billion yen)

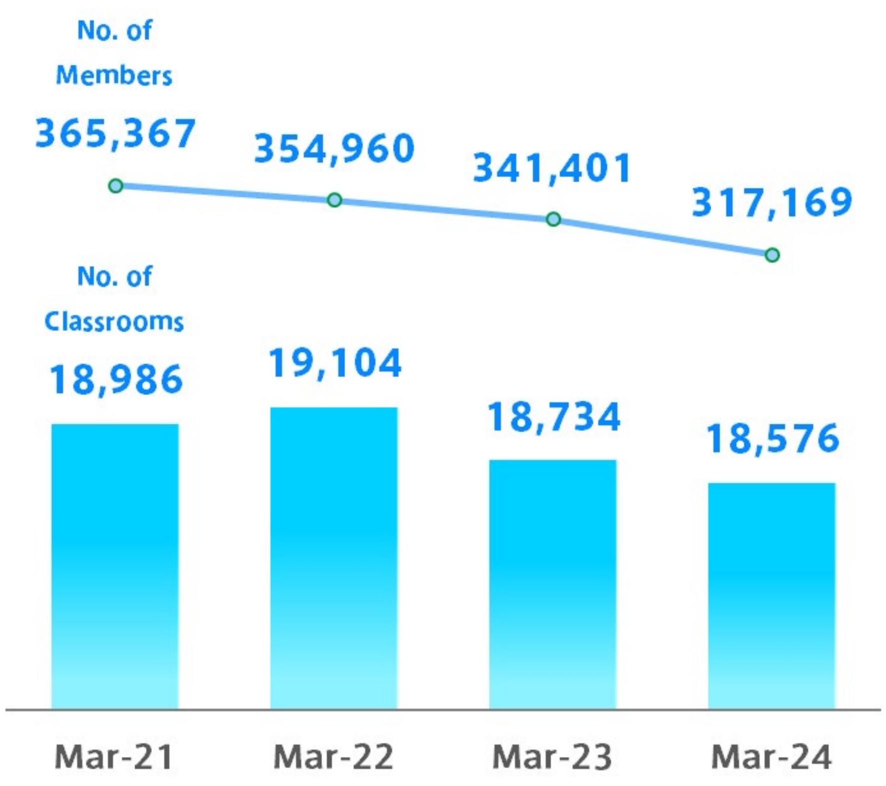



Note: Figures are rounded down to the nearest unit.

# No. of Members and Classrooms

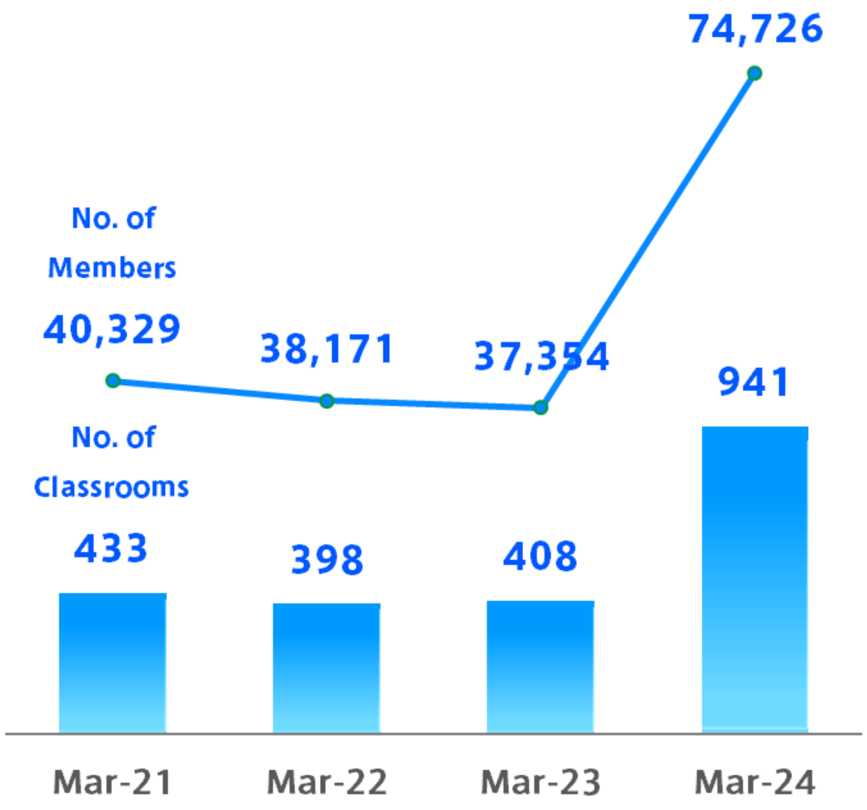
- In the classroom business, the number of new members recovered due to an increase in the number of kindergartens and classrooms in shopping centers, but the number of members decreased at the end of 2Q due to a large number of withdrawals at the turn of academic year.
- In the Learning center business, both the number of members and the number of schools increased due to the consolidation of Ichishin Holdings and N.E. Holdings as group companies.

## Classrooms




Note: Numbers of members／classrooms are totals of those for Gakken Classrooms and preschooler classes.

## Learning centers




*NE Holdings joined the group in May 2023 and Ichisihin Holdings in July 2023

Publishing Business

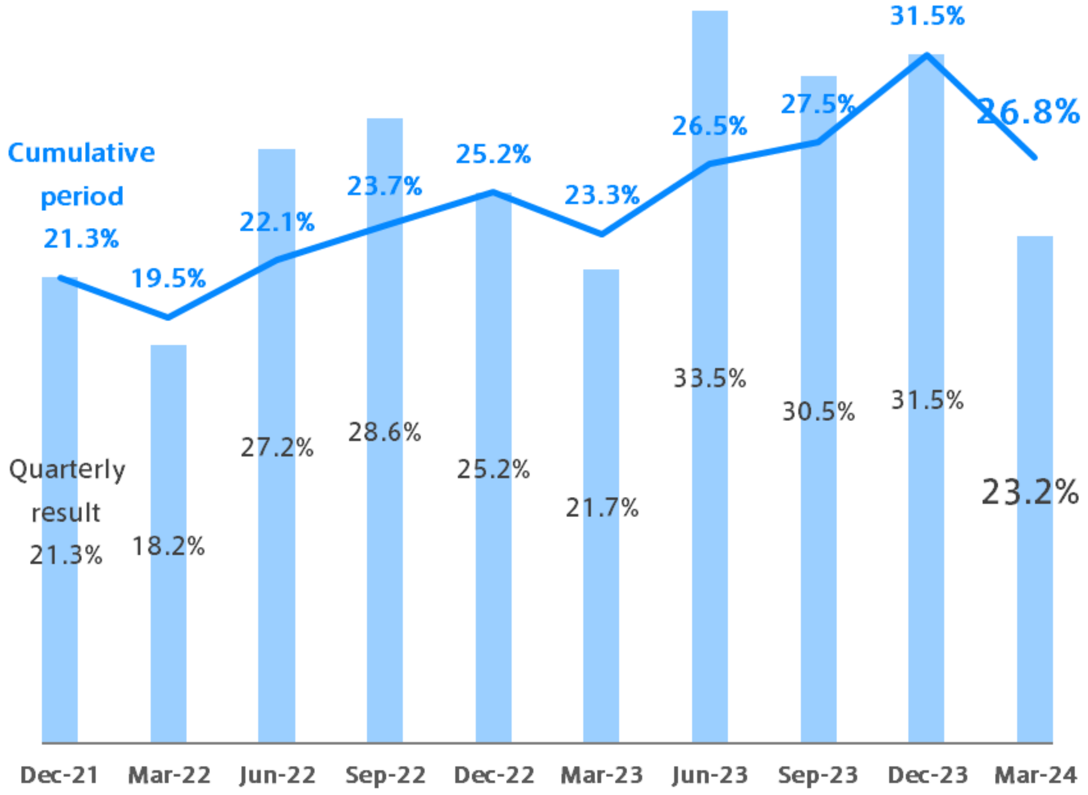
# No. of New Publications and Return rate*

- Cumulative return rate improved in the second quarter due to the control of the number of new publications, mainly study-aid books, but remained at a high level of +3.5% pt. YoY.

## No. of new publications (Cumulative period)

| | Mar-22 | Mar-23 | Mar-24 |
|---|---|---|---|
| Children's books | 99 | 82 | 97 |
| Study-aid books | 94 | 97 | 79 |
| How-to guides | 85 | 123 | 109 |
| Magazine books | 16 | 13 | 21 |
| Other publications | 71 | 80 | 78 |
| **Total** | 365 | 395 | 384 |

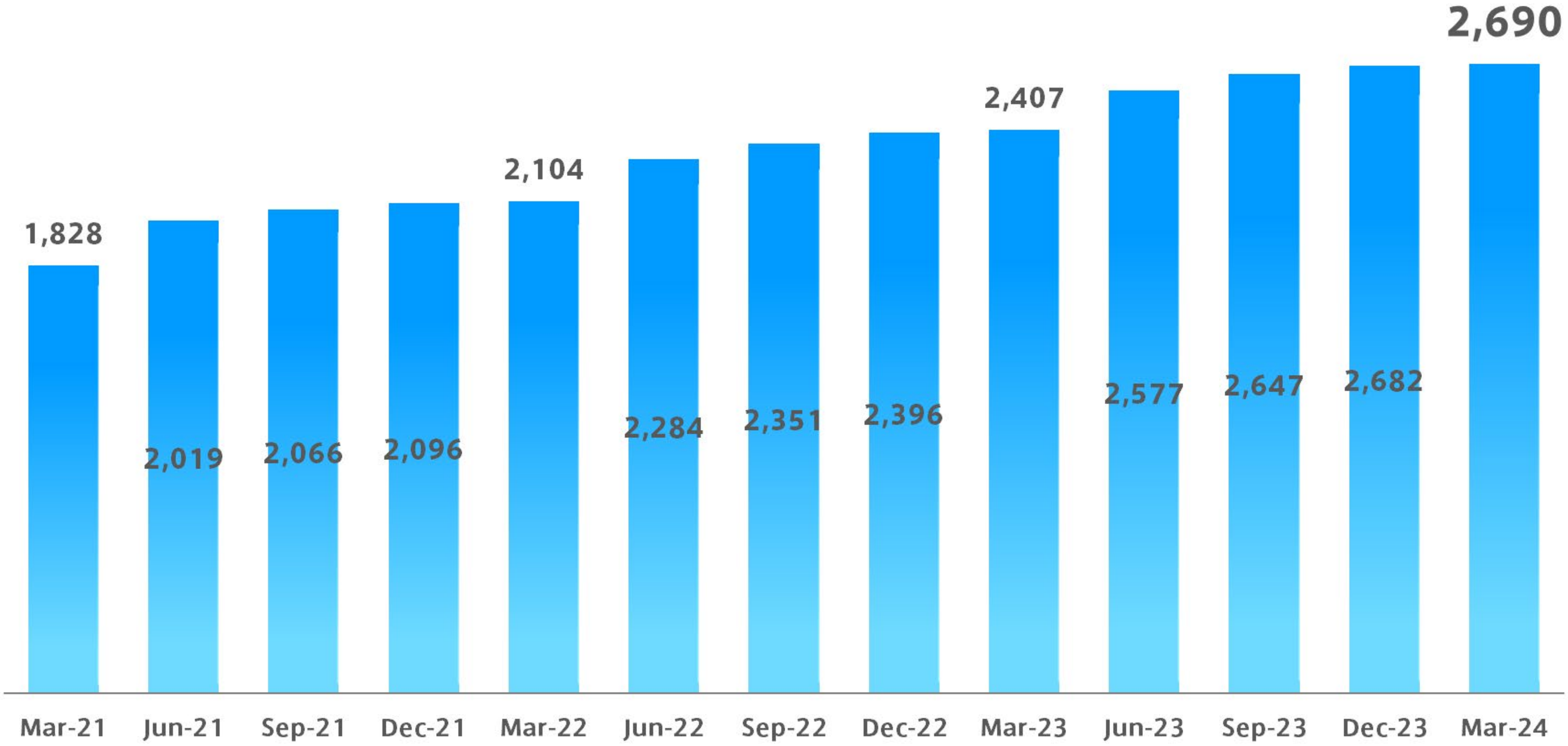
## Return rate of publications




* Numbers of new publications and return rate of publications (excluding magazines) are totals of those for Gakken Inc. and Arukikata Co., Ltd.

# No. of Hospitals using e-learning programs for Nurses

- Increased by 283 hospitals YoY. Timing of 3Q increase due to start of new fiscal year utilization.



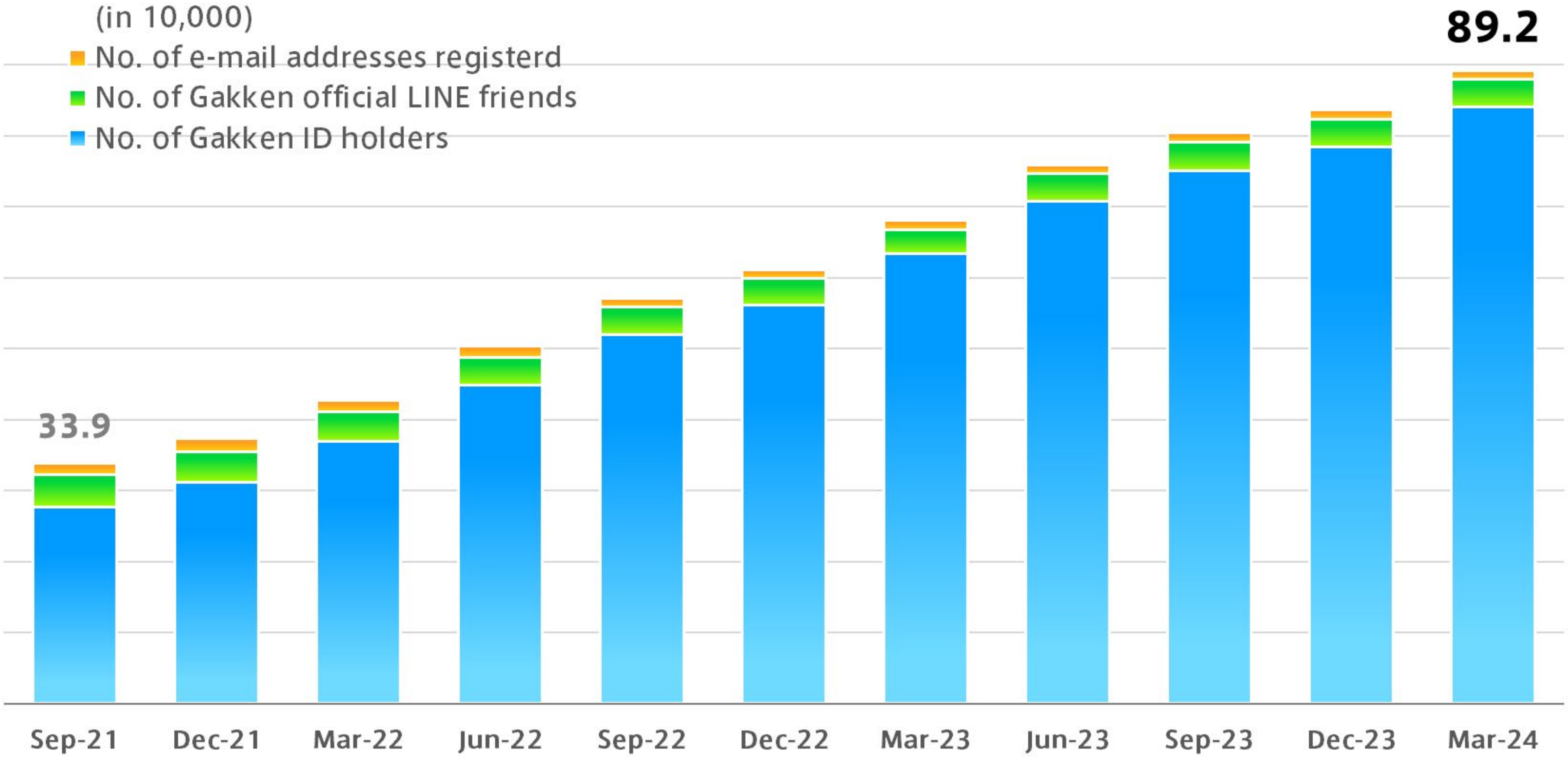
# School Textbook Revision Schedule

△ Examination: Review by the Ministry of Education, Culture, Sports, Science and Technology (appropriateness as a textbook)
● Adoption: Decision by boards of education on which textbook to use
◎ Start of use: Delivery to each school and students

| | AY2021 | AY2022 | AY2023 | AY2024 | AY2025 |
|---|---|---|---|---|---|
| Elementary school Health education | | △ | ● | ◎ | |
| Junior high school Physical and health education | ◎ | | △ | ● | ◎ |
| Elementary school Moral education | | △ | ● | ◎ | |
| Junior high school Moral education | ◎ | | △ | ● | ◎ |

# Group Direct Touchpoints

- The total number of IDs acquired for each service is on track to reach 900,000. Aiming to increase customer LTV by promoting collaboration among services.

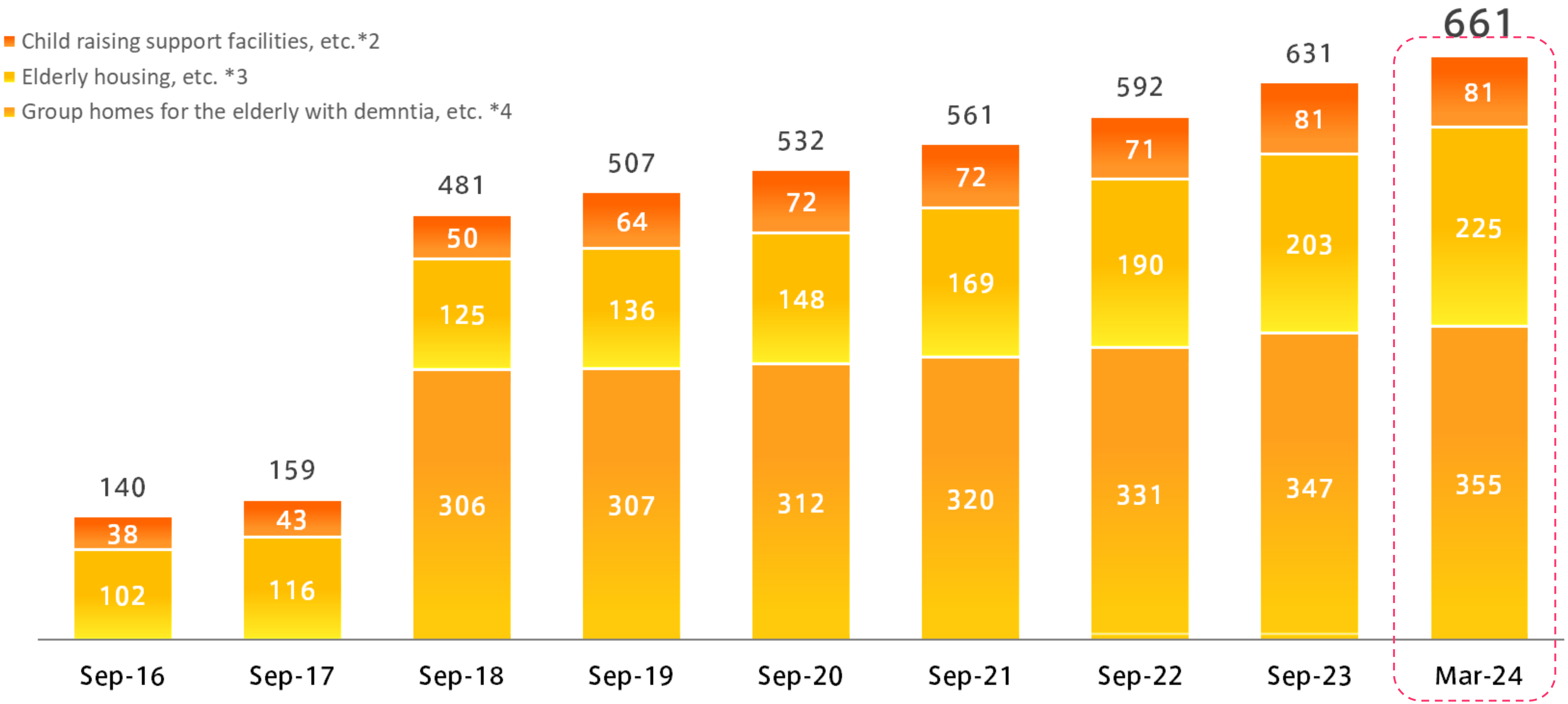



Note: Figures are rounded down to the nearest unit.

Healthcare and Nursing Domain

# No. of Facilities*1

- Number of facilities is increasing at a rate of 20-30 facilities each year




*1 Numbers are net numbers of new openings which is deducted the number of closures. Numbers include oversea facilities.
*2 Totals of nursery schools, afterschool children's clubs, child development support facilities, and learning support facilities.
*3 Includes facilities in other categories such as home-visit elderly care stations besides serviced apartments for the elderly. The facilities of Grand Unilife Care Service acquired in November 2023 will be included from the second quarter of the fiscal year under review.
*4 Includes facilities in other categories such as specified facilities and small-scale multifunctional in-home nursing care facilities besides group homes for the elderly with dementia.

# Plans and Progress of New Facility Openings*1

- Continued aggressive pace of new openings with a total of 28 elderly housing and group home for the elderly with dementia opened by the end of the second quarter.
- 10 new child raising support facilities are scheduled to open in April and beyond.

(No. of developed facilities)

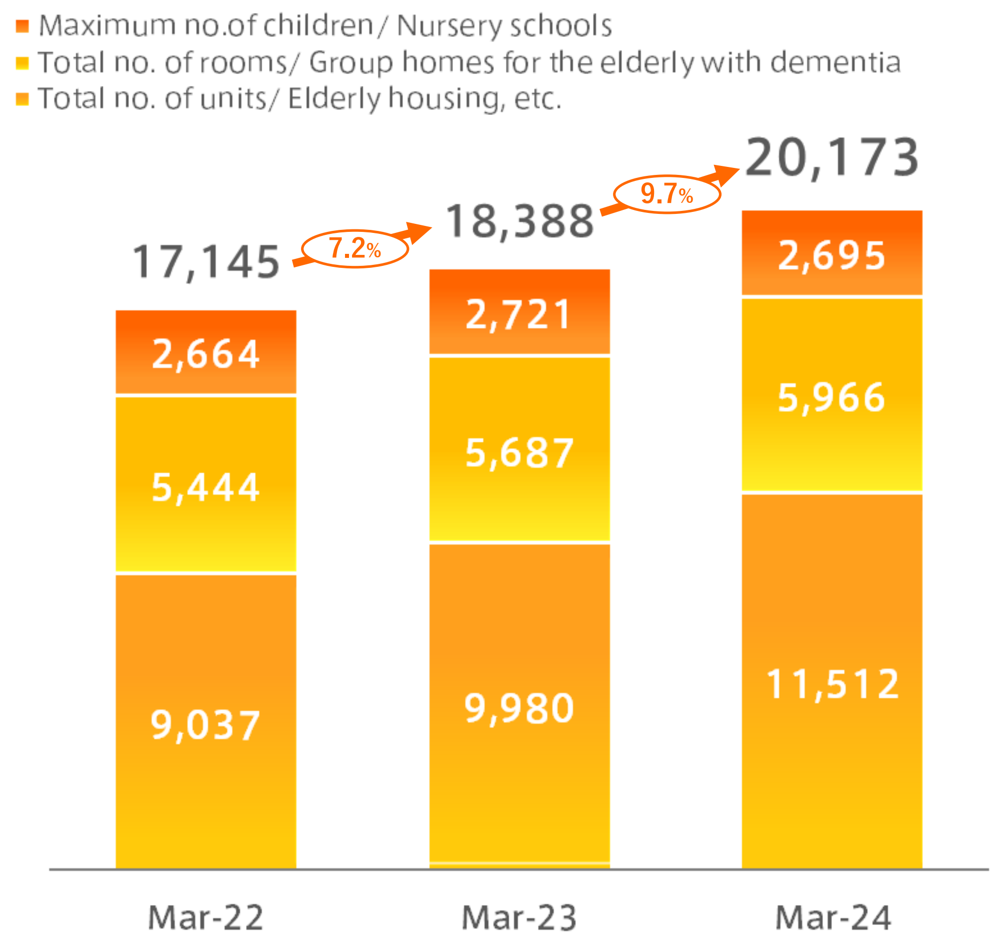
| | Sep-23 | Sep-24 | | |
|---|---|---|---|---|
| | Previous year Result | Full-year Plan | 1Q Results | Achievement rate against the plan |
| Elderly housing | 13 | 28 | 22<br>Including 17M&A | 78.6% |
| Group homes for the elderly with dementia | 15 | 14 | 6<br>Including 2M&A | 42.9% |
| Child raising *2 support facilities | 10 | 13 | 0 | 0.0 % |
| Total | 38 | 55 | 28 | 50.9 % |

*1 Facilities that closed during the period have not been deducted from the stated figures. Numbers are those of domestic facilities only. Does not include locations operated by Ichishin Holdings Co., Ltd.
*2 Numbers for child raising support facilities are the totals of nursery schools, after-school children's clubs, child development support facilities, free schools, and learning support facilities.

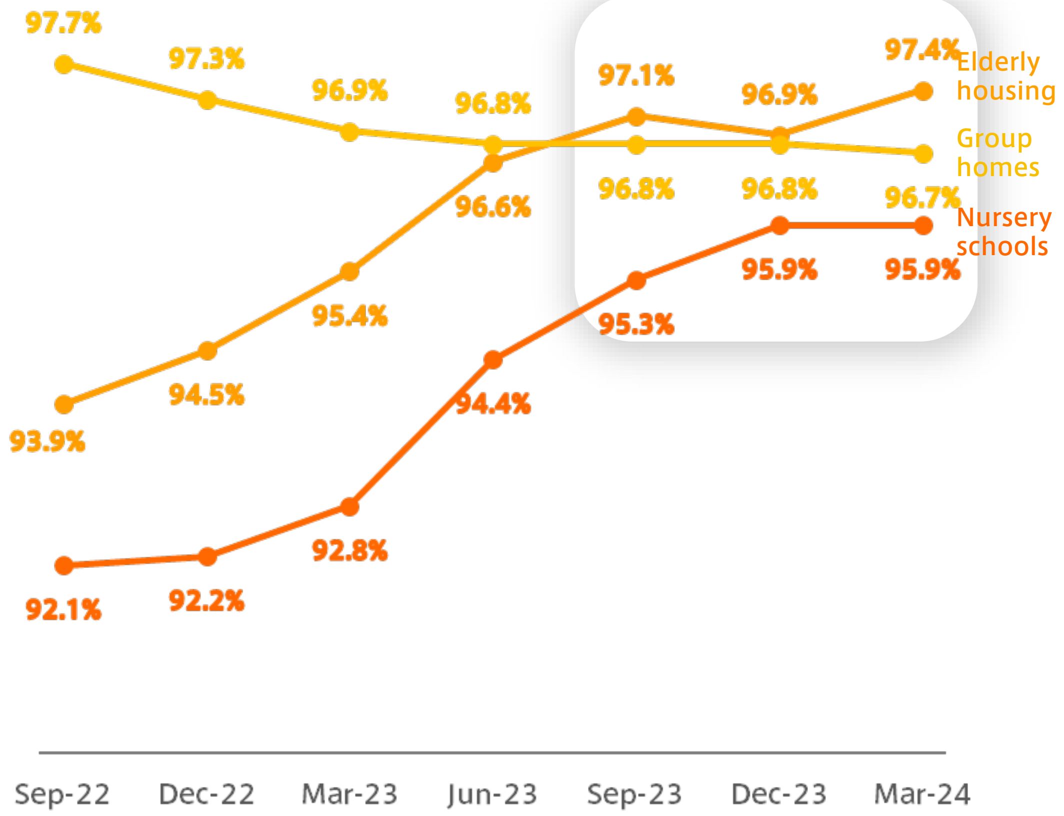
Healthcare and Nursing Domain

# Capacity expansion and Improvement in status of operations

## Trend in total number of units & rooms and maximum number of children




## Trend in occupancy rate and utilization rate



Healthcare and Nursing Domain

# Occupancy rate and Utilization rate

| | | Sep-20 | Mar-21 | Sep-21 | Mar-22 | Sep-22 | Mar-23 | Sep-23 | Mar-24 |
|---|---|---|---|---|---|---|---|---|---|
| Elderly housing | Total no. of units | 7,182 | 7,632 | 8,308 | 9,037 | 9,665 | 9,980 | 10,361 | 11,512 |
| | No. of occupied units | 6,600 | 6,985 | 7,505 | 8,345 | 9,073 | 9,519 | 10,062 | 11,210 |
| | Occupancy rate | 91.9% | 91.5% | 90.3% | 92.3% | 93.9% | 95.4% | 97.1% | 97.4% |
| Group homes for the elderly with dementia | Total no. of rooms*1 | 5,246 | 5,246 | 5,372 | 5,444 | 5,570 | 5,687 | 5,858 | 5,966 |
| | Occupancy rate | 98.0% | 98.0% | 97.8% | 97.6% | 97.7% | 96.9% | 96.8% | 96.7% |
| Child raising support facilities | Maximum no. of children*2 | 2,788 | 2,788 | 2,661 | 2,664 | 2,721 | 2,721 | 2,695 | 2,695 |
| | No. of children enrolled | 2,381 | 2,389 | 2,443 | 2,441 | 2,505 | 2,524 | 2,568 | 2,585 |
| | Utilization rate | 85.4% | 85.7% | 91.8% | 91.6% | 92.1% | 92.8% | 95.3% | 95.9% |

*1 No. of rooms in group homes for the elderly with dementia does not  include those in overseas facilities and facilities in other categories.
*2 Maximum no. of children in child raising support facilities is for nursery schools only.

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Gakken

Gakken Holdings Co., Ltd.