
Financial Results

for the Fiscal Year Ended September 30, 2022

November 17, 2022
Gakken Holdings Co., Ltd.

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Executive Summary of the financial results for the Fiscal Year Ended September 30, 2022

[Financial results]

Net sales: 156.0 billion yen (3.8% increase year on year) / Operating profit: 6.43 billion yen (3.0% increase year on year)

Ordinary profit: 6.93 billion yen (13.1% increase year on year) / Profit: 3.44 billion yen (31.5% increase year on year)

- Consolidated net sales increased for the 13th consecutive fiscal year. In the Educational domain, the publishing business drove performance with many hits. Net sales continued to rise in the Healthcare and nursing domain, thanks to active efforts to open new facilities
- Operating profit stood at 6.43 billion yen, marking an increase for the 8th consecutive fiscal year. Both the Educational and the Healthcare and nursing domains remained on a profit growth track, but operating profit fell short of the plan at 95.9% due to the impact of the Omicron variant and soaring utility costs
- Ordinary profit came to 6.93 billion yen. It rose as the share of profit of entities accounted for using the equity method for JP-HOLDINGS and Ichishin Holdings increased. Achieved target
- Profit increased sharply by more than 30% year on year, thanks in part to the absence of temporary tax increase factors in the previous fiscal year

[Topics]

- In the Educational domain, earnings for the kindergarten and school business, TGG*1, and in-person learning centers deteriorated, with many schools and kindergartens temporarily closed due to the Omicron variant outbreak. Meanwhile, the publishing business captured demand by releasing many hits, including “Saikyo-O (The Strongest King),” “Gakken Illustrated Guide LIVE,” and “Chikyu-no-Arukikata”
With a view to offering optimal educational contents and services to customers of all ages, four related companies were merged.
Started business as Gakken Inc. on October 1, 2022
- In the Healthcare and nursing domain, made aggressive headway with new facility openings and achieved record-high occupancy rates despite the COVID-19 pandemic by thoroughly implementing an occupancy sales model
22 elderly housing sites (93.9%)*2/11 group homes for the elderly with dementia (97.7%)/3 child raising support facilities (92.1%)
Opened three complex sites (Suita, Hatsukaichi, Kawasaki Takatsu) for Gakken’s community-based integrated care system, and operations fared well
- Established Gakken Intelligence Co., Ltd. on October 1, 2021 by integrating administrative divisions in the Healthcare and nursing domain. Contributed to bolstering earning power
- Announced support for TCFD*3 in July 2022. Promoting sustainability at a faster pace

*1 Stands for Tokyo Global Gateway, an experience-based learning facility

*2 Figures in parentheses indicate occupancy/utilization rates. Same for group homes for the elderly with dementia and child raising support facilities

*3 Stands for Task Force on Climate-related Financial Disclosures

Overview of Financial Results

for the Fiscal Year Ended September,30, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2022

**Net
sales**

15.60
billion yen

YoY
3.8% ↑

Net sales grew steadily with aggressive new facility openings in the elderly care business

**Operating
profit**

6.43
billion yen

YoY
3.0% ↑

Rose despite drags from higher costs, including utility costs

**Ordinary
profit**

6.93
billion yen

YoY
13.1% ↑

Share of profit of entities accounted for using the equity method for JP-HOLDINGS and Ichishin Holdings increased

EBITDA

9.46
billion yen

YoY
4.1% ↑

Growth exceeded that in operating profit thanks to higher depreciation burden

Profit*

3.44
billion yen

YoY
31.5% ↑

Increased sharply with the elimination of temporarily increased tax burden in the previous fiscal year

* Profit attributable to owners of parent

**Dividend per
share**

24 yen

YoY
+ 2 yen ↑

Five years of consecutive dividend increases. Payout ratio of 30.5%

*Numbers are rounded to the nearest hundred million.

Summary of Results by Segment for the Fiscal Year Ended September 30, 2022

(Billion yen)

Segment	Business	FY2021 Result		FY2022 Plan		FY2022 Result		Change (YoY)	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Educational Domain		78.92	4.14	81.00	4.80	78.17	4.43	-0.75	+0.29
	Classroom and learning center	31.49	0.93	33.00	1.50	31.44	1.27	-0.06	+0.34
	Publishing and content	31.53	2.79	32.00	3.00	32.37	3.17	+0.83	+0.37
	Kindergarten and school	15.90	0.75	16.00	0.60	14.36	0.30	-1.53	-0.44
	Goodwill	—	-0.33	—	-0.30	—	-0.31	—	+0.02
Healthcare and Nursing Domain		65.79	3.04	70.00	3.10	72.24	3.15	+6.45	+0.11
	Elderly housing	27.43	1.28	31.00	1.40	32.37	1.42	+4.94	+0.14
	Group homes for the elderly with dementia	33.15	2.20	33.50	2.10	34.10	2.07	+0.95	-0.13
	Child raising support	5.21	0.03	5.50	0.10	5.76	0.12	+0.56	+0.09
	Goodwill	—	-0.46	—	-0.50	—	-0.46	—	±0.00
Other		5.58	0.74	6.00	-1.20	5.63	0.81	+0.05	+0.07
Adjustments		—	-1.68	—	0.00	—	-1.96	—	-0.28
Group total		150.30	6.24	157.00	6.70	156.03	6.43	+5.74	+0.19

** From the fiscal year ended September 30, 2022, company-wide expenses previously included under "Other" are presented as "Adjustments."

Accordingly, "Other" and "Adjustments" for the fiscal year ended September 30, 2021 have been retrospectively adjusted..

*Numbers may not add to the totals due to rounding

Trends of Net Sales

(Billion yen)

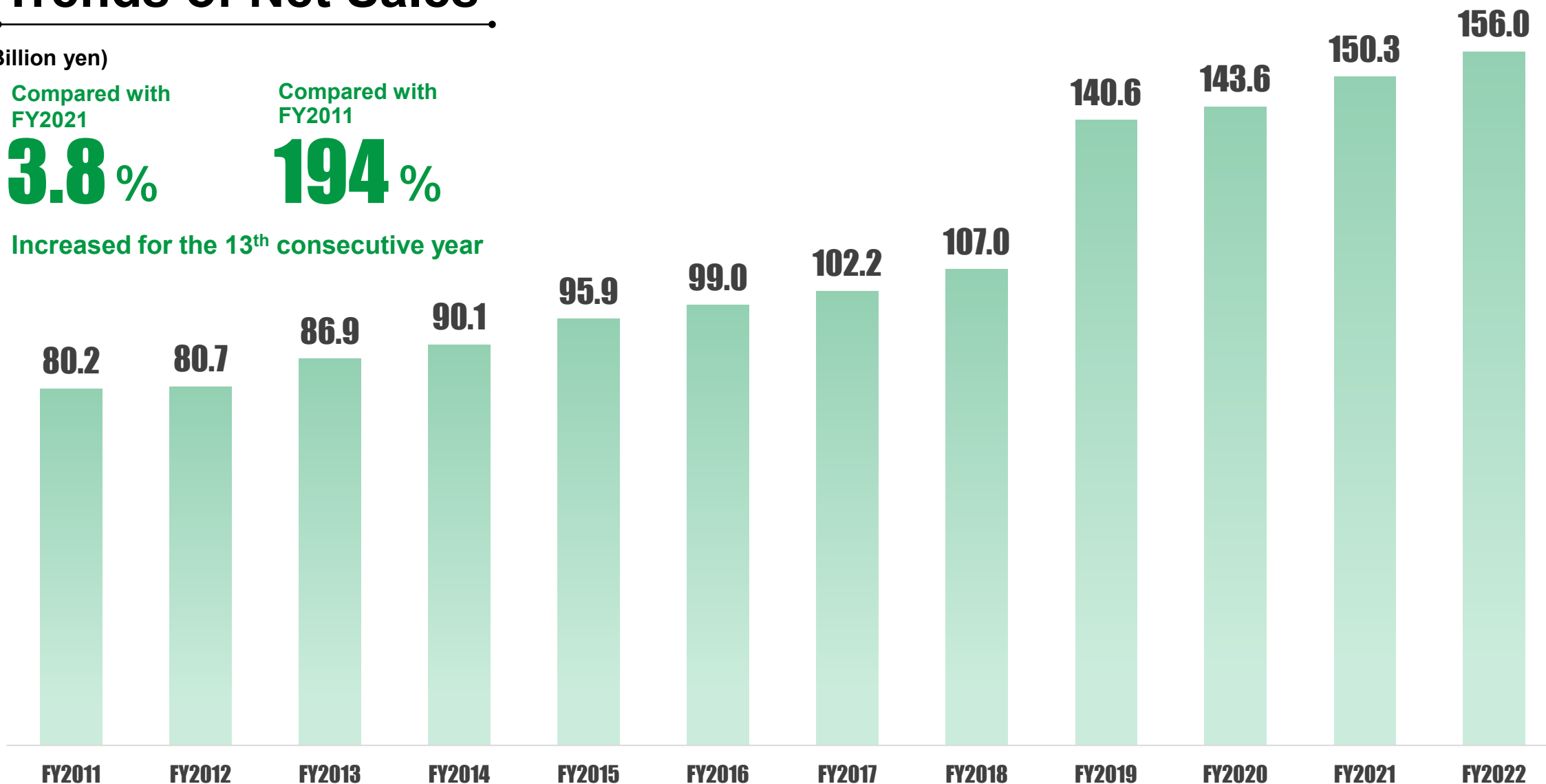
Compared with
FY2021

3.8 %

Compared with
FY2011

194 %

Increased for the 13th consecutive year



*Numbers are rounded to the nearest hundred million.

Trends of Operating Profit

(Billion yen)

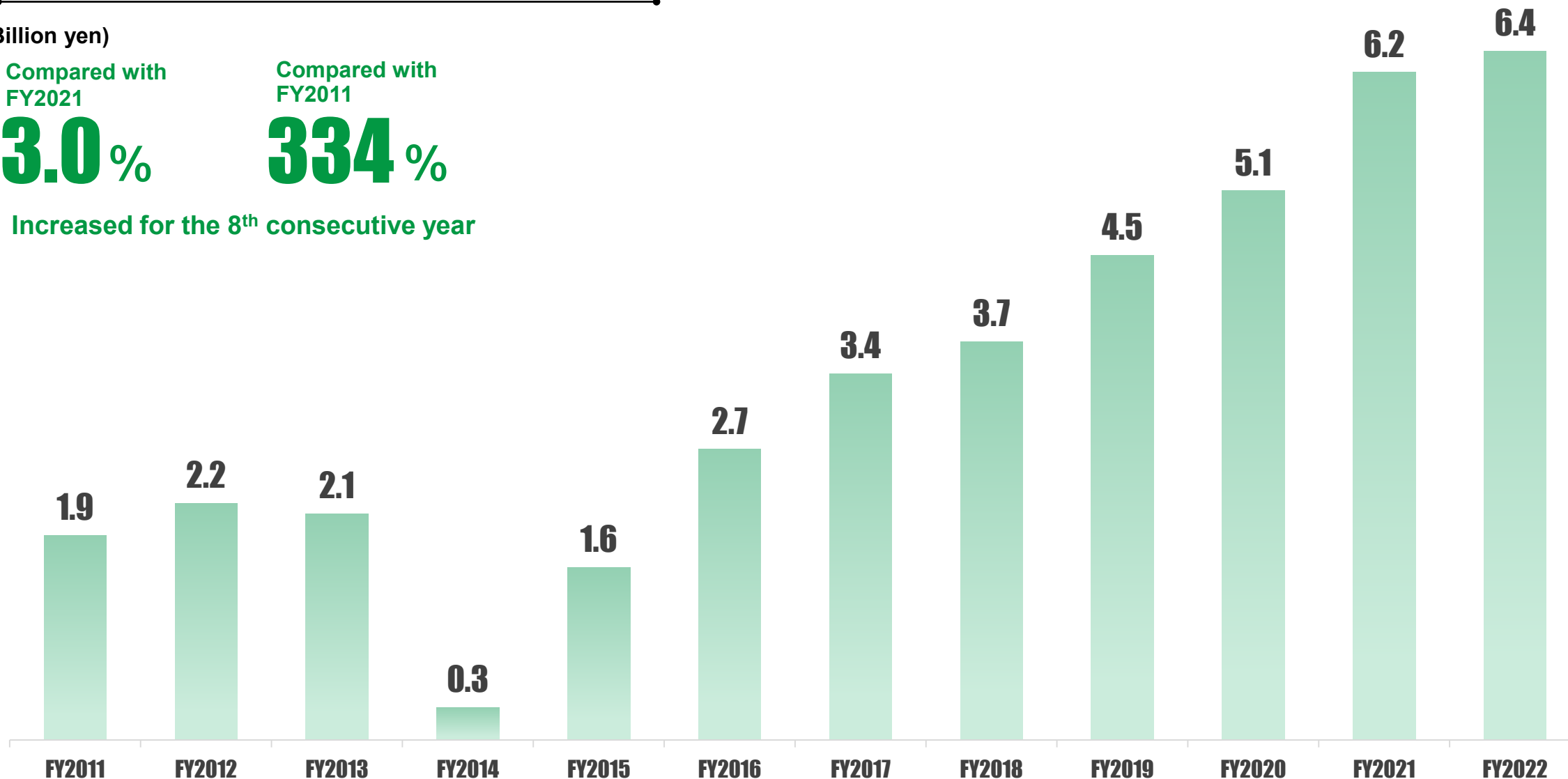
Compared with
FY2021

3.0%

Compared with
FY2011

334%

Increased for the 8th consecutive year



*Numbers are rounded to the nearest hundred million.

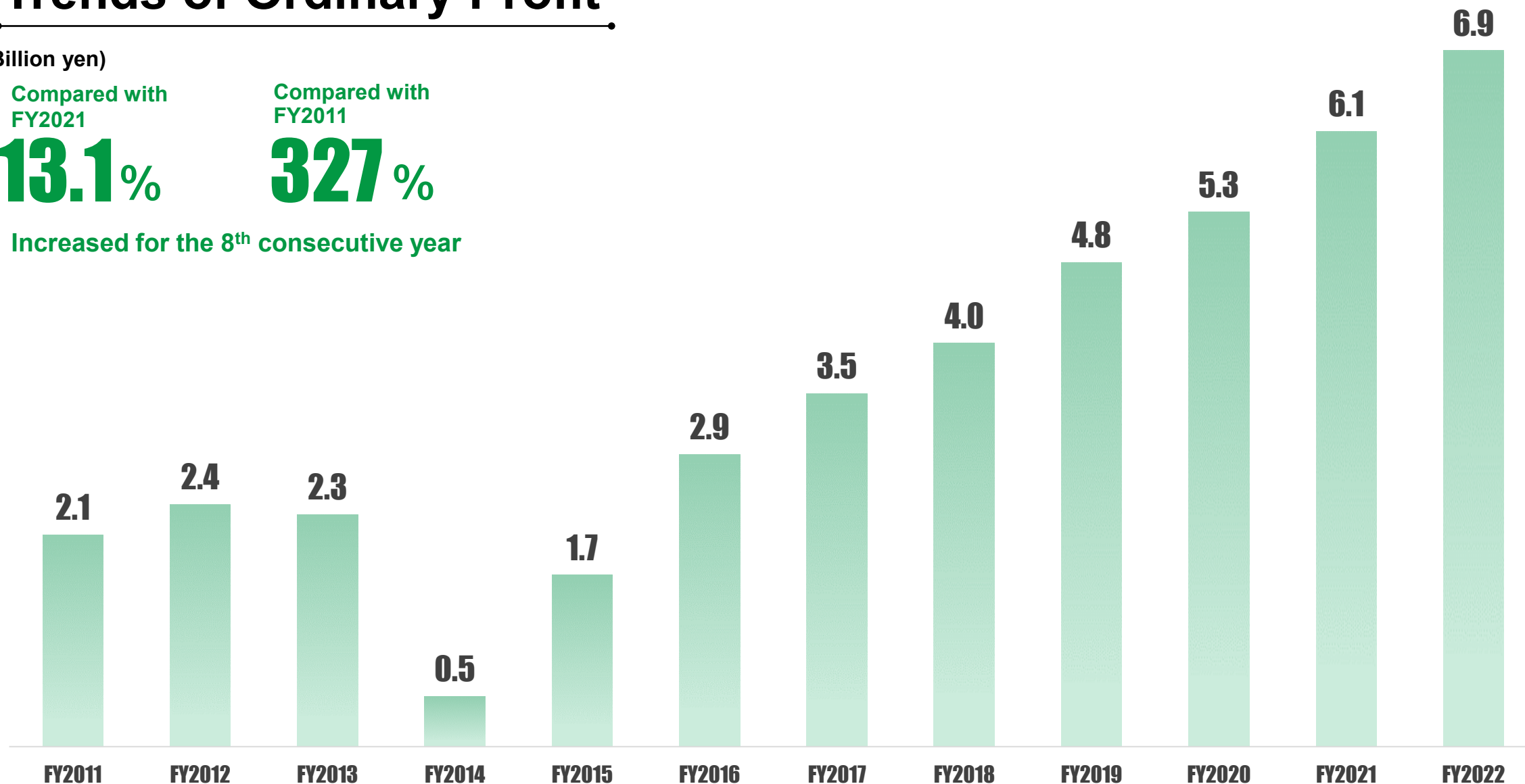
Trends of Ordinary Profit

(Billion yen)

Compared with
FY2021
13.1%

Compared with
FY2011
327%

Increased for the 8th consecutive year



*Numbers are rounded to the nearest hundred million.

Trends of EBITDA*

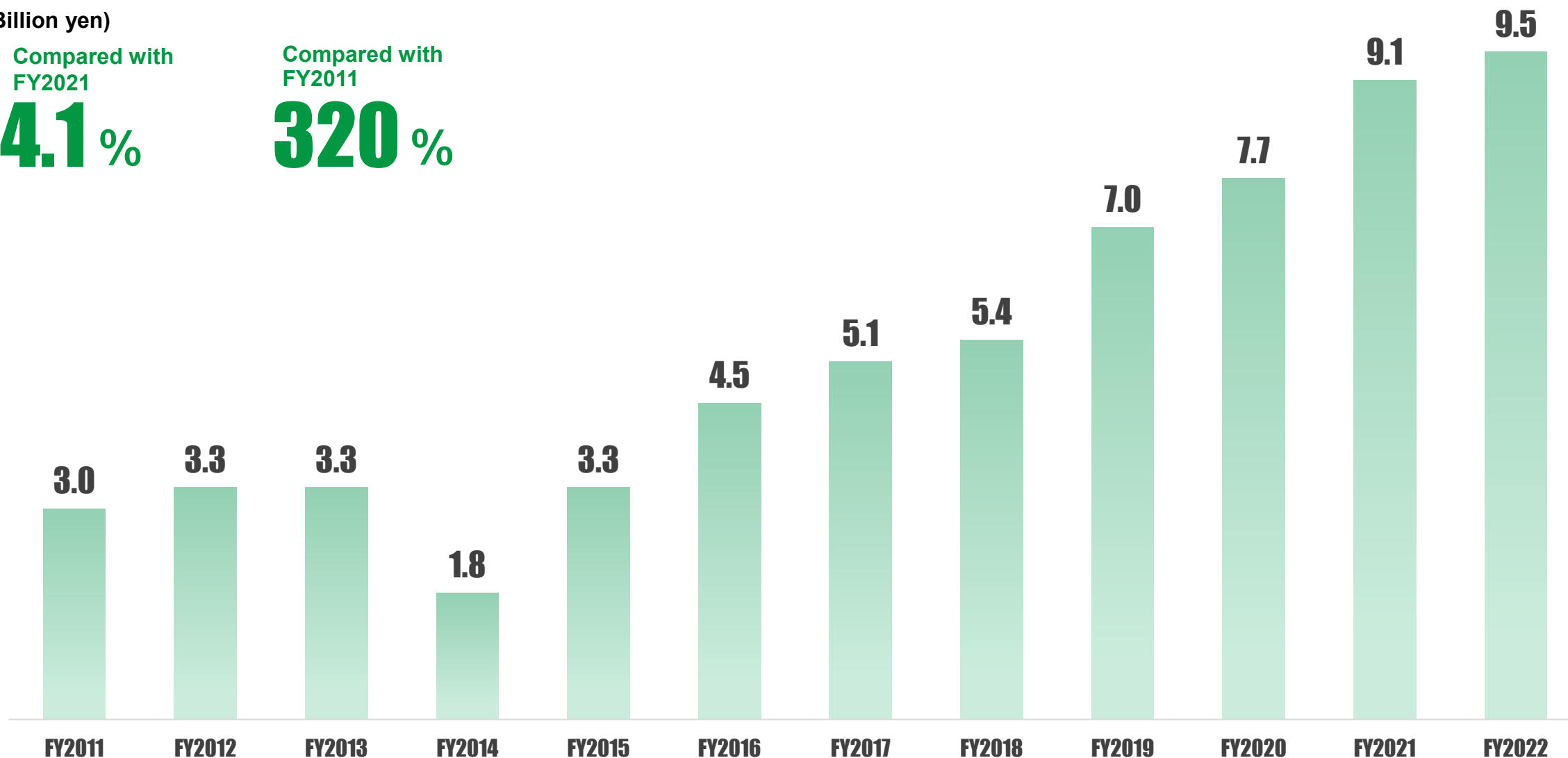
(Billion yen)

Compared with
FY2021

4.1%

Compared with
FY2011

320%



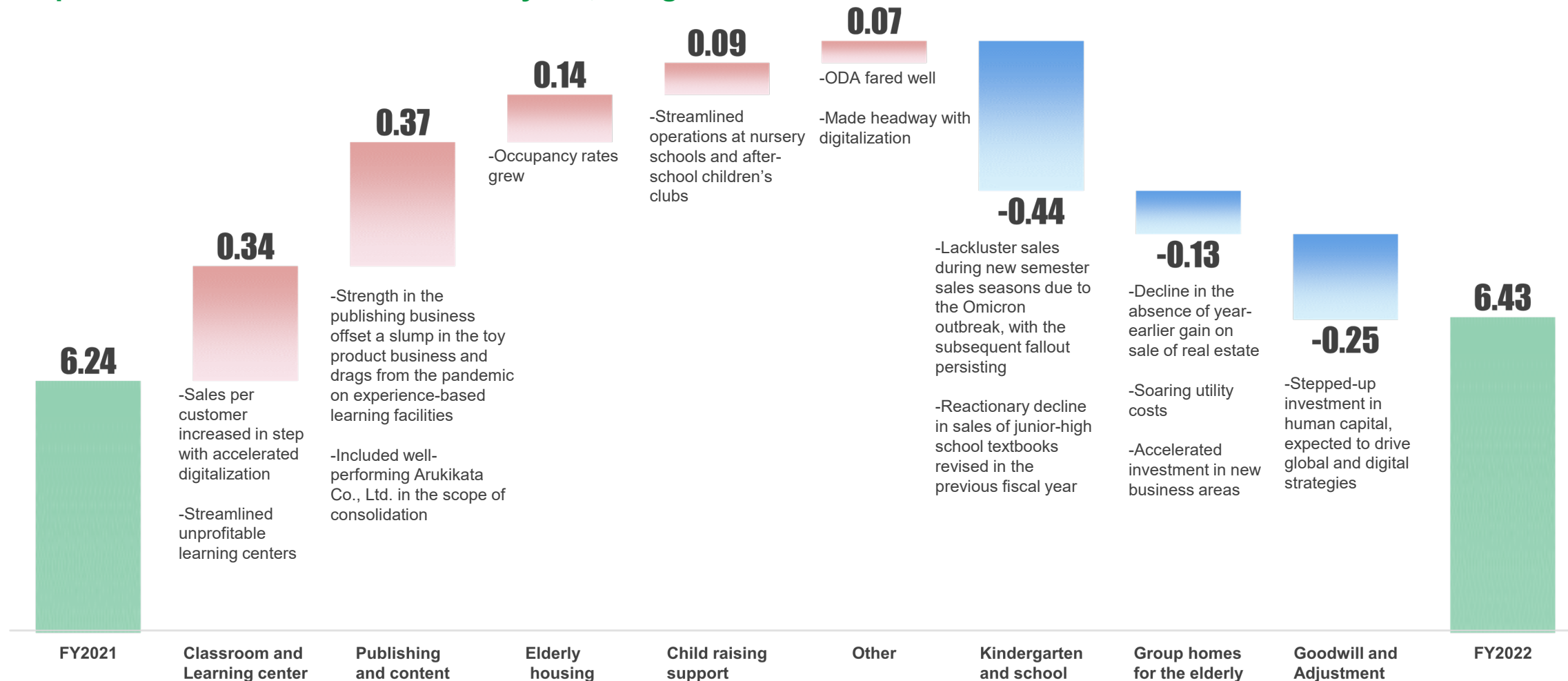
*A total of operating profit, depreciation, and goodwill amortization.

*Numbers are rounded to the nearest hundred million.

Factors Behind Changes in Operating Profit

(Billion yen)

Impact of the Omicron variant widely felt, but growth maintained on the business front

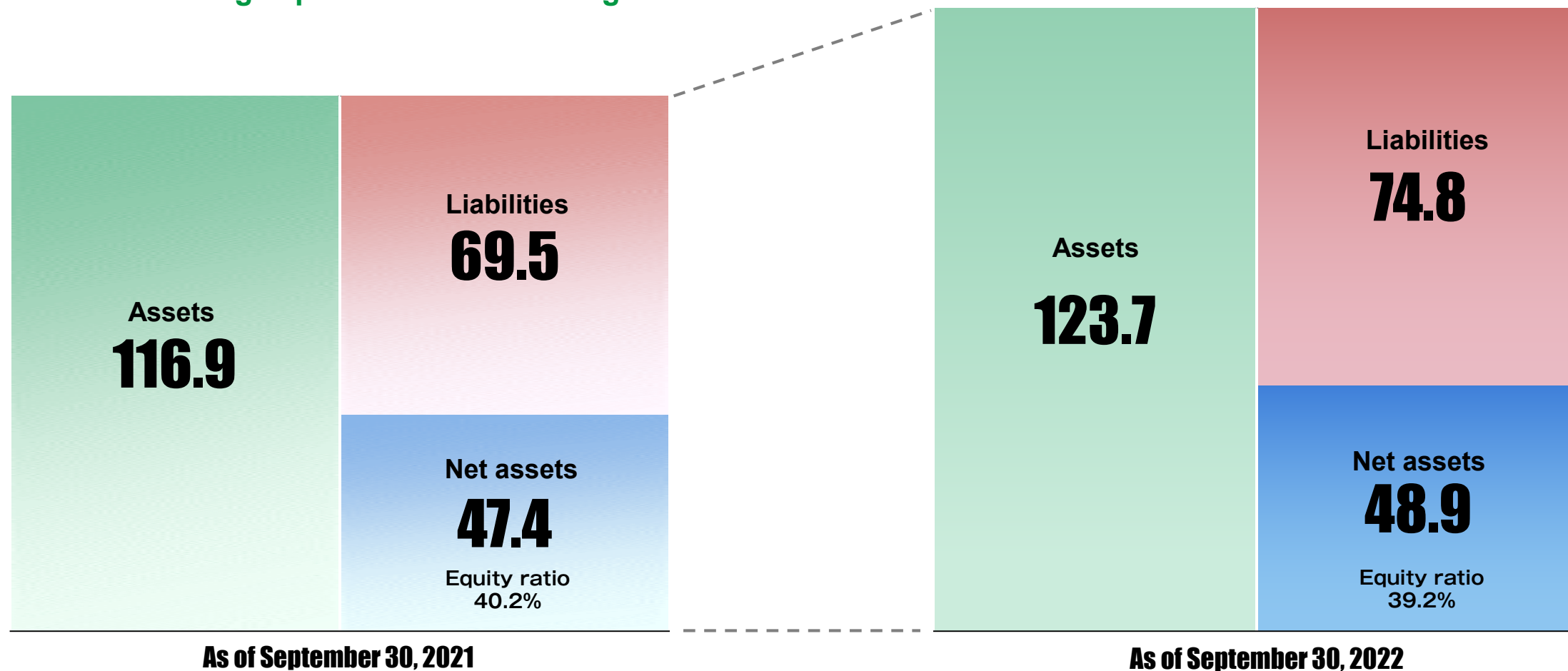


*Numbers are rounded to the nearest ten million.

Consolidated Financial Position

(Billion yen)

Assets increased with growth investments and a rise in working capital associated with growth in net sales



*Numbers may not add to the totals due to rounding.

Educational Domain Financial Results

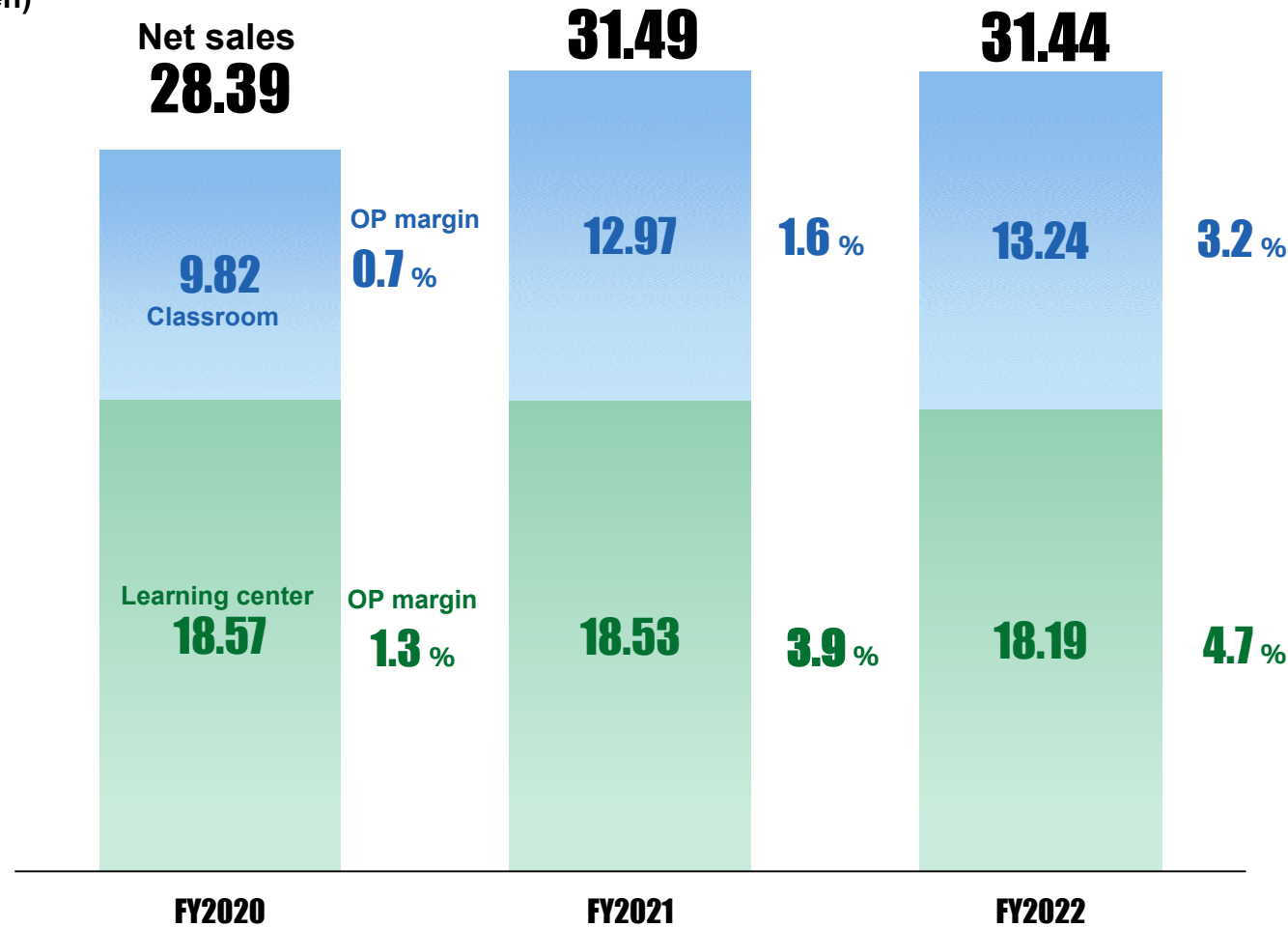
for the Fiscal Year Ended September 30, 2022

Focused on the following three businesses extensively supporting children's learning, with an expanded service menu for working adults

- 1) Classroom and learning center: Operation of toddler classes and Gakken classrooms supporting children's 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 an employment/recruitment support service

Classroom and Learning Center Summary of FY 2022

(Billion yen)



Operating profit
(OP) margin

1.1%

3.0%

4.1%

Positives

- Profit margin grew for two years in a row
- Streamlined non-profitable learning centers
- Sales per customer increased, and online services expanded
- Focused on bridging kindergartens with elementary schools by transferring toddler classes internally in 1Q last fiscal year

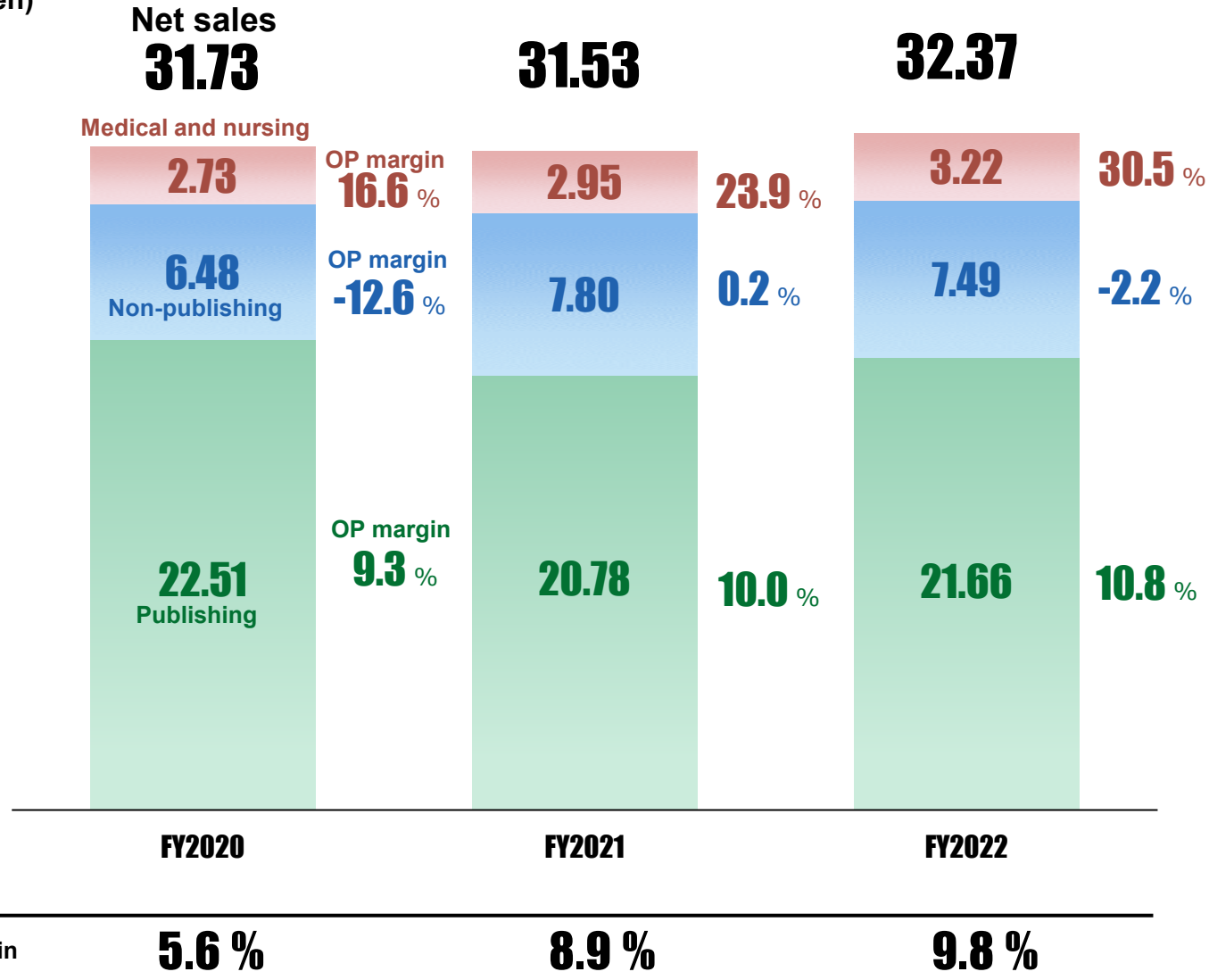
Negatives

- Adverse effects on student recruitment for the new school term and a delay in recovery of the number of students due to the spread of Omicron variant

*Numbers are rounded to the second decimal place.

Publishing and Content Summary of FY 2022

(Billion yen)



Positives

- Both of net sales and profit margin grew
- Children's books, especially illustrated guides, continued to perform well
- A number of popular titles from Arukikata Co.,Ltd.
- The number of hospitals subscribing to e-learning programs for nurses increased to 2,351 (up 285 year on year)
- Sales of e-books on medicine and nursing increased

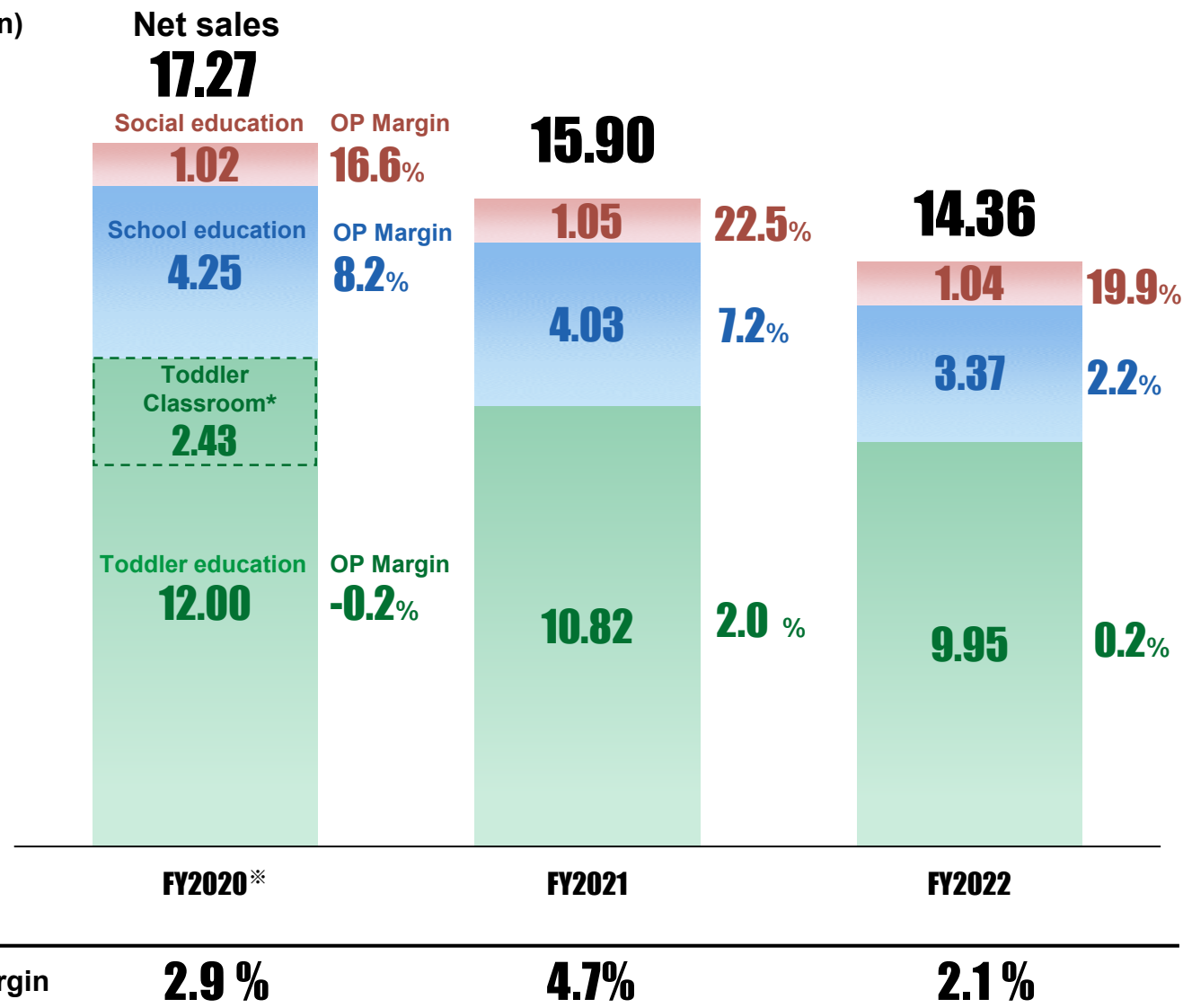
Negatives

- Use of and reservations for experience-based English learning facilities decreased due to the Omicron variant
- Market condition of toy products deteriorated (due mainly to the lockdown in Shanghai and the yen's depreciation)
- Soaring paper prices weighed on earnings

*Numbers are rounded to the second decimal place.

Kindergarten and School Summary of FY 2022

(Billion yen)



Positives

- Corporate training business at TOASU Co., Ltd. grew substantially in both sales and profit terms
- More schools purchased digital textbooks
- Child-care ICT system “hugmo” adopted by more nursery schools and kindergartens

Negatives

- Orders for equipment and child-care products from nursery schools and kindergartens decreased greatly due to the Omicron variant
- Reactionary decline in school textbooks and instruction guides for teachers in FY2020. FY2021
- E-learning business for the teachers’ license renewal system lost as the system was abolished

*Numbers are rounded to the second decimal place.

*Net sales for FY2020 include sales from the toddler class business of 2.43 billion yen, which was internally transferred.

Healthcare and Nursing Domain Financial Results

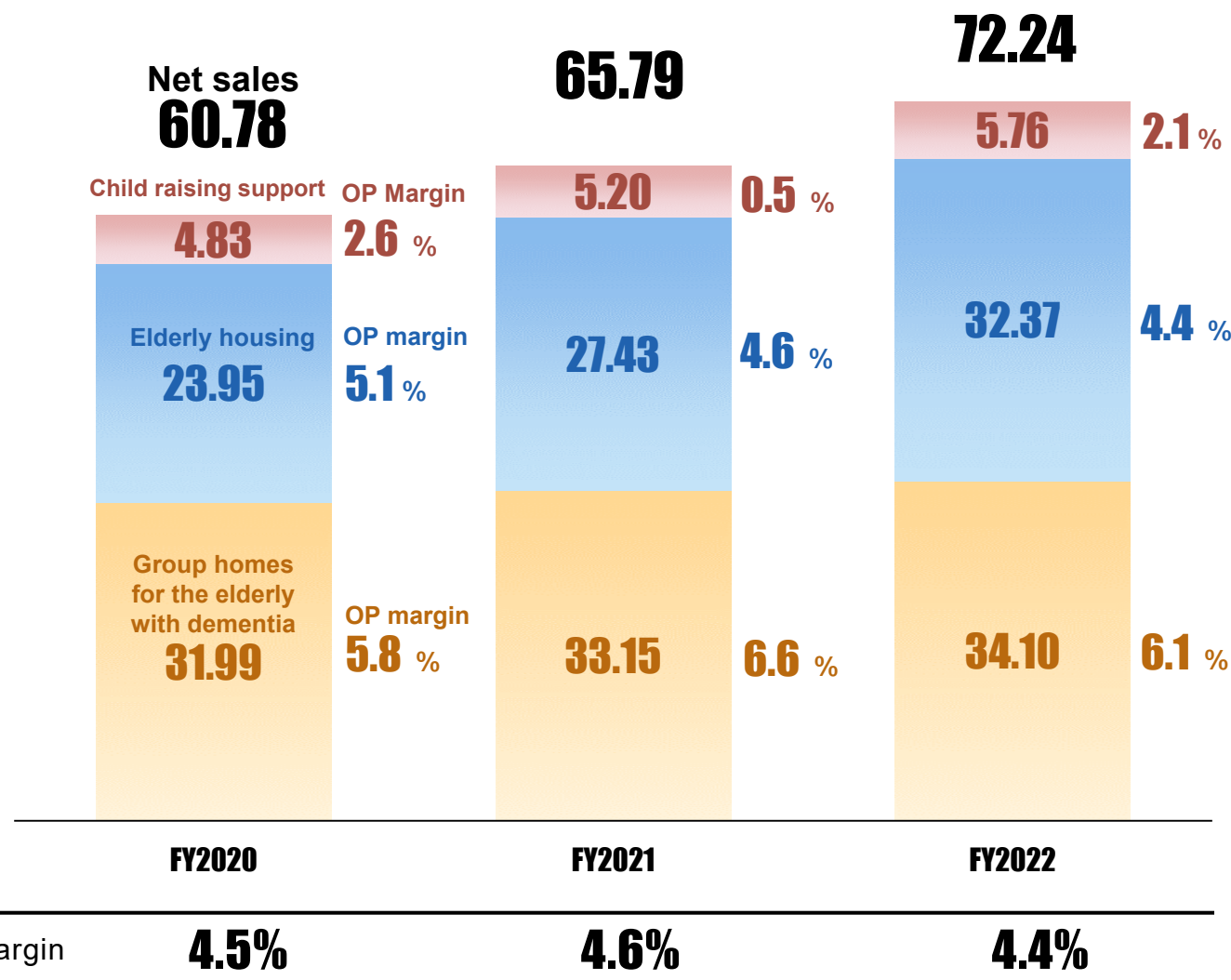
for the Fiscal Year Ended September 30, 2022

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 Summary of FY 2022

(Billion yen)



Positives

- New openings as scheduled
 - Elderly housing (22 facilities at 21 sites)
 - Group homes (11)
- Occupancy and utilization rates at record-high levels
 - Elderly housing : 93.9%
 - Group homes : 97.7%
 - Nursery schools: 92.1%
- Profit increased due to rationalization of nursery schools

Negatives

- Group homes : profit decreased due to the absence of gain on sale of real estate in 2Q last fiscal year
- Costs increased due to higher utility costs (up roughly 0.55 billion yen at existing facilities)
- Recovery in the number of users for daycare services slowed down due to the resurgence of COVID-19

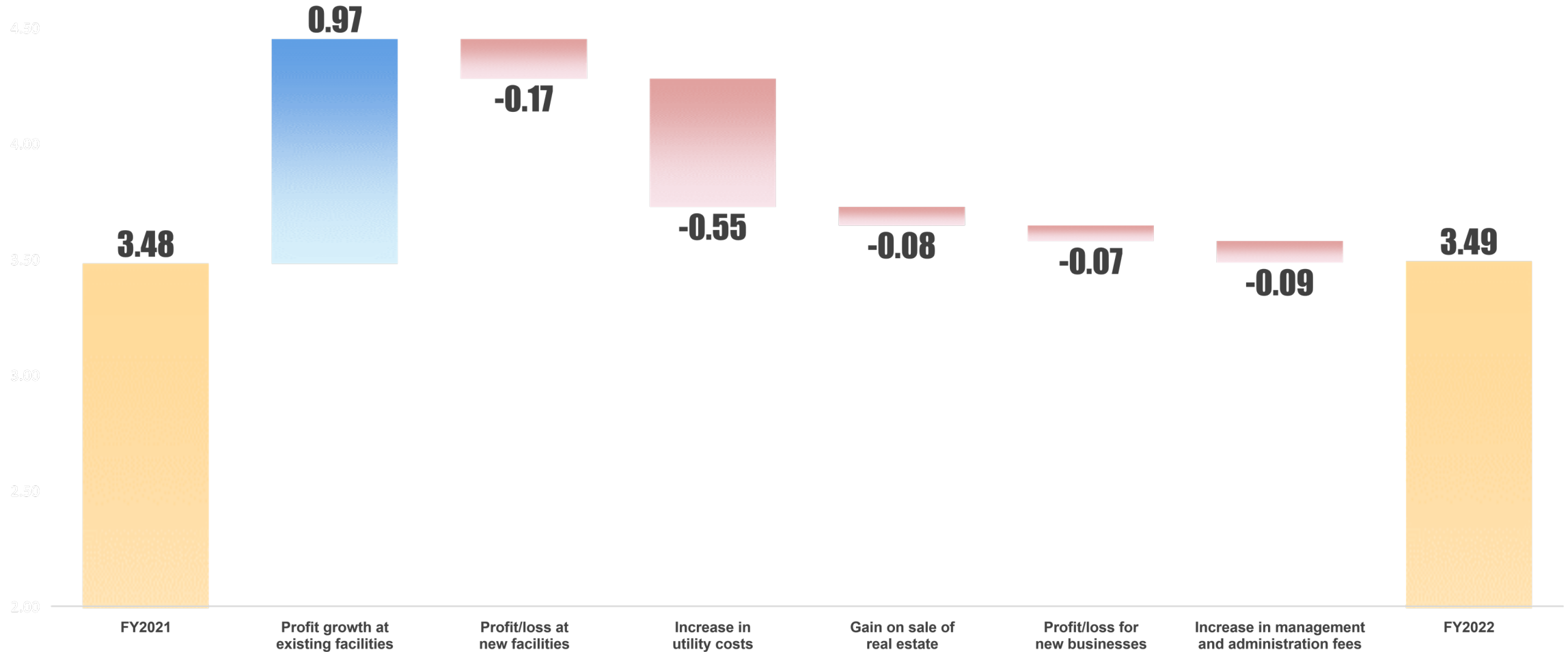
*Numbers are rounded to the second decimal place.

Elderly housing and Group homes for the elderly with dementia

Factors Behind Changes in Operating Profit

(Billion yen)

Operating profit rose sharply at existing facilities with constantly high occupancy rates, but was dragged by soaring utility costs



*Numbers are rounded to the second decimal place.

*Numbers are total of elderly housing and group homes for the elderly with dementia, not including the numbers of child raising support.

Summary of Financial Results

for the Fiscal Year Ended September 30, 2022

Summary of the Fiscal Year Ended September 30, 2022

- ◆ Net sales increased for the 13th consecutive year
- ◆ Operating profit rose for the 8th consecutive year despite falling short of the plan at 95.9% due to heavy drags on the Educational domain from the Omicron variant and lockdowns in Shanghai
- ◆ Ordinary profit came to 6.93 billion yen. It rose as the share of profit of entities accounted for using the equity method for JP-HOLDINGS and Ichishin Holdings increased. Achieved target
- ◆ Profit increased for the 3rd consecutive year.
Dividend per share at 24 yen. Dividends increased for the 5th consecutive year.
Payout ratio kept above 30%.
- ◆ As outlined in Gakken 2023, restructuring of unprofitable businesses and streamlining of operations are progressing in the entire Group in order to pursue the growth of both existing and new businesses. We will allocate the surplus thus generated to growing areas such as digital and global domains, as well as recurrent education to make continuous investments

*The Company implemented a four-for-one stock split of its common stock effective April 1, 2020.
When calculated as if this stock split was implemented at the beginning of FY2020, dividend per share for FY2020 comes to 20.00 yen.

Outlook for FY 2023

We lowered our forecasts in light of earnings still being on the mend due to the prolonged impact of the Omicron variant, as well as soaring utility costs and higher cost of sales stemming from the yen's depreciation. Even so, sales and profits still expected to rise

(Billion yen)	①FY2023 Initial Plan	②FY2022 Results	③FY2023 Outlook	Compared with initial plan ③-①	Compared with year-earlier results ③-②
Net sales	165.0	156.0	162.0	-3.0	+6.0
Operating profit	7.50	6.43	6.70	-0.80	+0.27
Profit margin	4.5 %	4.1 %	4.1 %	-0.4 %	±0.0 %
Ordinary profit	-	6.93	7.00	-	+0.07
Profit	3.80	3.44	3.60	-0.20	+0.16
ROE	8.0 %	7.2 %	7.2 %	-0.8 %	±0.0 %
Dividend per share	- yen	24 yen	25 yen	- yen	+1 yen
Payout ratio	30.0 %	30.5 %	30.5 %	+0.5 %	±0.0 %

*Numbers are rounded to the nearest hundred million.

Gakken 2023 Progress

Gakken 2023

Establishment of a solid foundation for growth

Education

Creation of new approaches to learning and a diverse range of learning opportunities

Healthcare and Nursing

Seek to be a top company contributing to development of sustainable towns

Acceleration of DX and global business development

Reinforcement of Group governance and capital cost-conscious management

**Sustainable
Improvement of
Corporate value**

Performance Trends for Three Years Covered Under Gakken 2023

In the FY 2021, both sales and profit targets were achieved

(Billion yen)

In the FY 2022, both net sales and operating profit fell short of targets due in part to the Omicron variant outbreak and soaring utility costs

The initial plan for the FY 2023 has been revised in light of impacts of the resurgence of COVID-19 and cost increases stemming from growing inflation

Consolidated	FY 2021		FY 2022		FY 2023		Compared with year-earlier results	Compared with initial plan
	Plan	Results	Plan	Results	Initial Plan	Outlook		
Net Sales	146.0	150.3	157.0	156.0	165.0	162.0	+6.0	-3.0
Operating profit	5.60	6.24	6.70	6.43	7.50	6.70	+0.27	-0.80
Operating Profit margin	3.8 %	4.2 %	4.2 %	4.1 %	4.5 %	4.1 %	±0.00 %	-0.4 %
Ordinary profit	5.70	6.13	6.80	6.93	-	7.00	+0.07	-
Profit	2.80	2.62	3.40	3.44	3.80	3.60	+0.16	-0.20
ROE	6.5 %	6.3 %	7.1 %	7.2 %	8.0 %	7.2 %	±0.0 %	-0.8 %

*Numbers are rounded to the nearest ten million.

Education domain

Performance Trends / Outlook for FY 2023

(Billion yen)

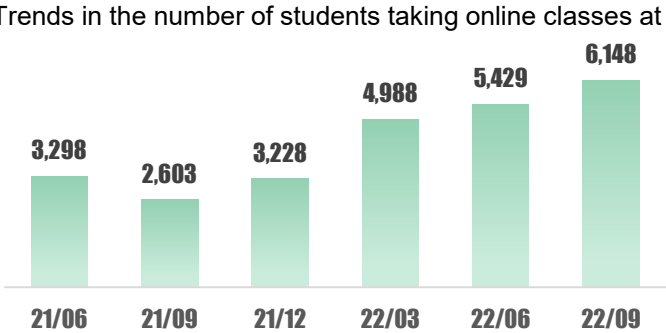
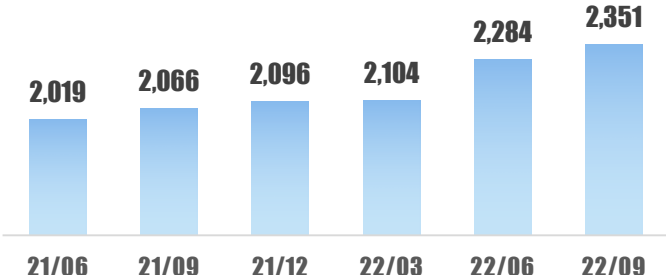
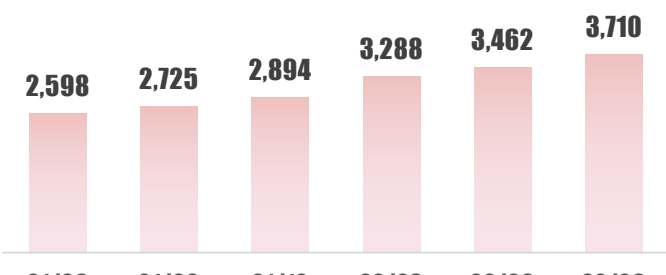
		FY 2021	FY 2022	FY 2023 (Outlook)	Compared with year-earlier results
Net sales		78.92	78.17	79.81	+1.64
Business	Classroom and learning center	31.49	31.44	31.60	+0.16
	Publishing and content	31.53	32.37	33.36	+0.99
	Kindergarten and school	15.90	14.36	14.85	+0.49

Operating Profit		4.14	4.43	4.98	+0.56
Business	Classroom and learning center	0.93	1.27	1.41	+0.14
	Publishing and content	2.79	3.17	3.26	+0.10
	Kindergarten and school	0.75	0.30	0.46	+0.16
	Goodwill	-0.33	-0.31	-0.15	+0.16

*Numbers are rounded to the second decimal place. Numbers may not add to the totals due to rounding.

Educational Domain

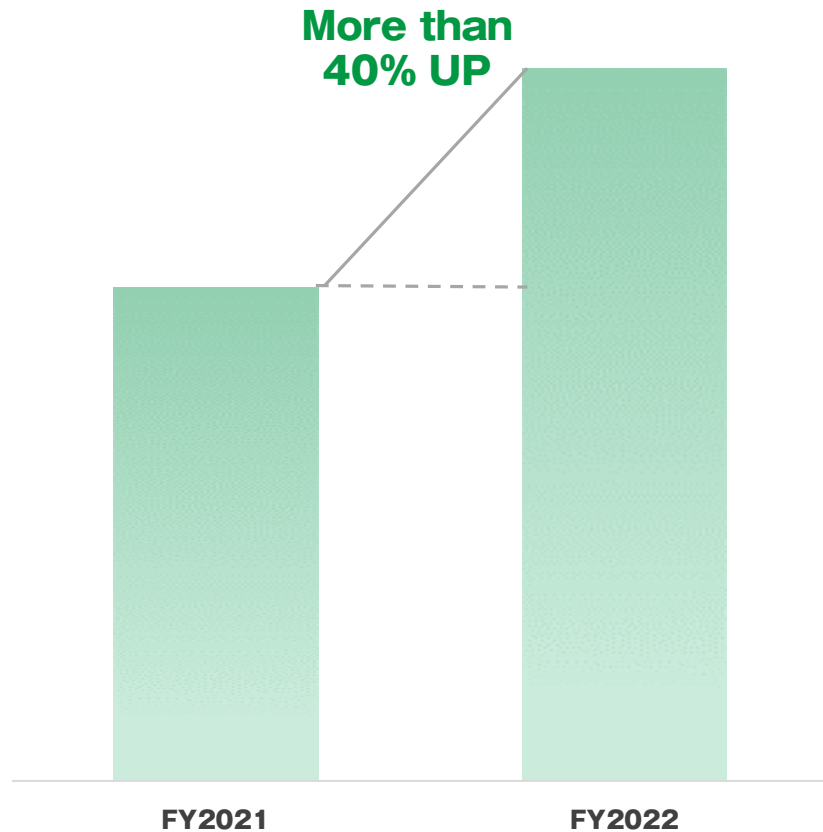
Progress with Measures and Initiatives Under Gakken 2023

Business	Main priority measures and expected benefits	Progress
Classroom and learning center	<p>[Priority measure] Establish a competitive advantage in the emerging “bidirectional online” market</p> <p>[Expected benefits] An expanded student base and an increase in the number of classes taken</p>	<p>■ Trends in the number of students taking online classes at the Group’s learning centers*</p>  <p>In the classroom business, launched an array of online learning services, including Kotoba Park and Gakken Classroom Online. In the learning center business, achieved upselling while making it easier for customers to engage in learning activities by having them add online programs to in-person classes.</p>
Publishing and content	<p>[Priority measure] Develop systematic educational programs for working adults to propose a lifelong learning environment with a 100-year life in mind</p> <p>[Expected benefits] Pioneer the recurrent education market with around 65 million working adults</p>	<p>■ Number of hospitals subscribing to e-learning programs for nurses</p>  <p>Mainstay offerings are e-learning programs for nurses. The number of subscribing hospitals continued to grow steadily. Aim for another leap going forward by enhancing contents and expanding targets.</p>
Kindergarten and school	<p>[Priority measure] Contribute to improving the quality of toddler education by connecting kindergarten sites and households</p> <p>[Expected benefits] Offer consistent learning experience that better fits various lifestyles and behaviors</p>	<p>■ Number of kindergartens/nursery schools that adopted Hugmo</p>  <p>The core offering is child-care ICT system “Hugmo,” acquired in June 2021. The system streamlines workload at kindergarten and nursing school sites, while providing support for communication with parents and guardians. The service saw a steady increase in the number of new adoptions at kindergartens and nursery schools.</p>

* Sum of the number of Gakken ON AIR users and the number of students also using online services associated with Group learning centers


Educational Domain Progress with Measures and Initiatives Under Gakken 2023

Sales growth in digital services




An array of services that help people of all ages learn, from toddlers to working adults!


~ FY2020




自立型個別学習
G-PAPILS




Gakken
【電子書籍】




学研プライムゼミ




kimini
学研のオンライン英会話




ニューコース
学習システム




ニューワイド
学習百科事典



GDLS




学研ナースングサポート




ナースングメソッド

FY2021~

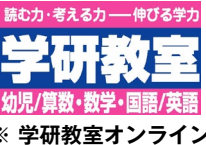
FY2022~




マナミル




Gakken ON AIR




学研教室
※ 学研教室オンライン




hugmo




ことばパーク




CCレッスン




学びTimes



資格Times



MetaLife



GPlusMedia

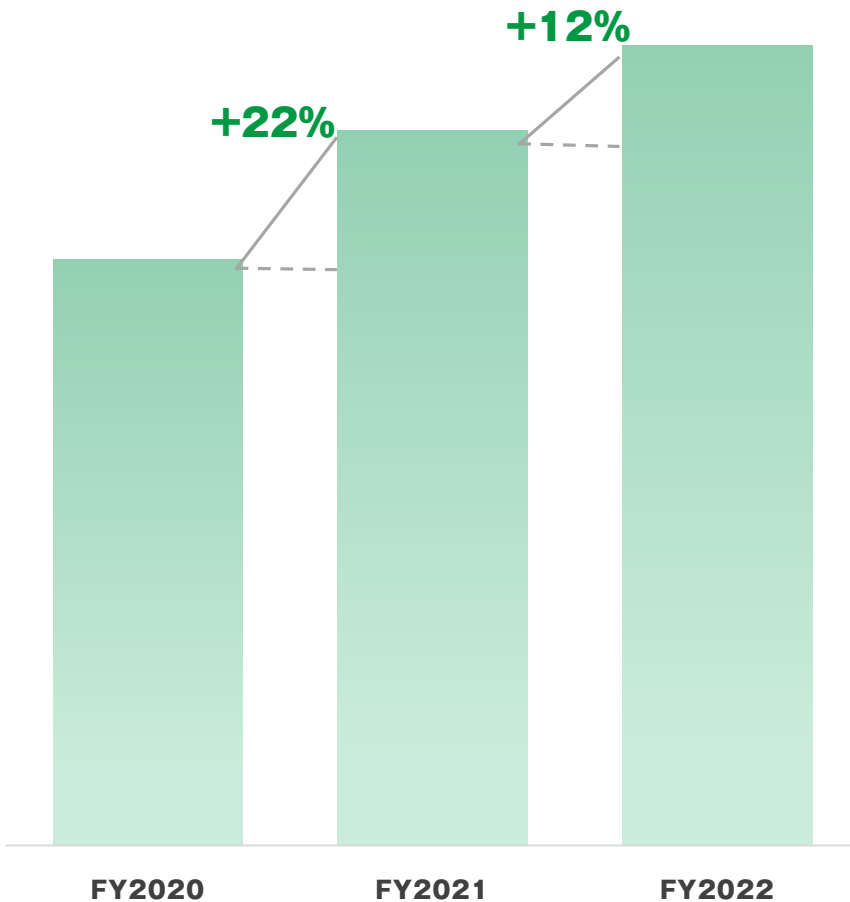
* Comparison based on internal figures used for managerial purposes, which include Group companies outside the scope of consolidation

* Operating companies that newly joined the Group added from the month they joined the Group

Educational Domain

Progress with Measures and Initiatives Under Gakken 2023

Sales growth in global business



Rolling out content for toddlers and STEAM learning materials in Vietnam, the Middle East, and China

- Launch delayed from the initial schedule due to the impact of COVID-19
- Began rolling out toddler education, STEAM learning materials, etc., with Vietnam, the Middle East, and China designated as strategic focus regions
- Local network for business expansion already established

Vietnam : Capital/business tie-up with educational start-up KiddiHub
Turkey : Make use of network built through ODA operations
China : Business tie-up with companies including New Oriental Education & Technology Group Inc, a major firm in the educational domain



←Steam course for toddler in a private kindergarten in Hanoi, Vietnam

Healthcare and Nursing domain

Performance Trends / Outlook for FY 2023

(Billion yen)

		FY 2021	FY 2022	FY 2023 (Outlook)	Compared with year-earlier results
Net sales		65.79	72.24	75.85	+3.62
Business	Elderly housing	27.43	32.37	35.23	+2.86
	Group homes for the elderly with dementia	33.15	34.10	34.63	+0.53
	Child raising support	5.21	5.76	6.00	+0.24

Operating Profit		3.04	3.15	3.51	+0.36
Business	Elderly housing	1.28	1.42	1.76	+0.34
	Group homes for the elderly with dementia	2.20	2.07	2.09	+0.02
	Child raising support	0.03	0.12	0.12	+0.00
	Goodwill	-0.46	-0.46	-0.46	+0.00

*Numbers are rounded to the second decimal place. Numbers may not add to the totals due to rounding.

Healthcare and Nursing Domain

Progress with Measures and Initiatives Under Gakken 2023

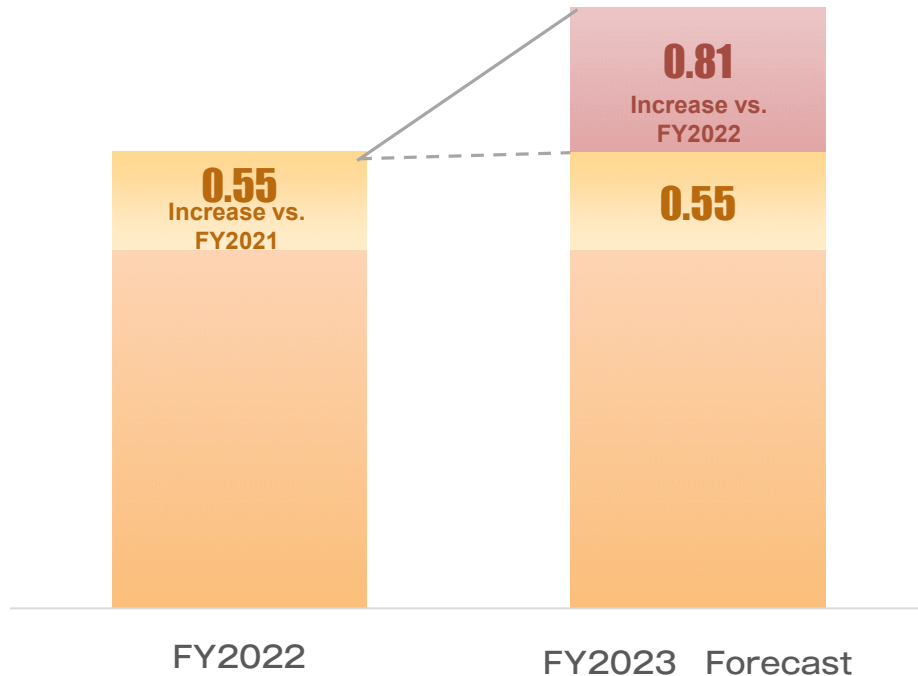
Theme	Main priority measures	Progress	Interim assessment
Talent	Improve retention and reduce early separations	Elderly housing: turnover rate of 23.7% (target 20.0%) GHs for the elderly with dementia: turnover rate of 20.4% (target 21.0%)	Fair
	Enhance recruitment and conduct training operations in broader areas	Worked to recruit more graduates of certified care worker and nursery school teacher training academies into Group facilities. Fell short of 135 people in FY2022	Fair
Quality	Streamline work with DX/ICT	Electronic elderly care records introduced at 100% of facilities	Good
	Offer a wide range of services in the child raising domain	New businesses in the child raising domain under consideration by internal project team	Fair
	Promote elderly care that supports self-care	Worked to introduce elderly care focused on self-care at GHs for the elderly with dementia, and introduced at 99.7% of facilities	Good
	Nursing and elderly care without hospitalization	Aiming for a 2.0% hospitalization rate, but still at 3.0%	Fair
Development	Enhance sales prowess, accelerate the pace of facility openings	In FY2022, opened 22 new elderly housing facilities at 21 sites (target: 25), 11 GHs for the elderly with dementia (target: 16), and 3 child raising support facilities (target: 6)	Fair
	Enhance building management	Rolling out property management nationwide, making steady progress	Good
	Enhance community development, expand to overseas	Opened one complex site in FY2021, followed by three in FY2022. Reorganized overseas subsidiaries based on long-term strategy	Good

Healthcare and Nursing Domain

Addressing Soaring Utility and Construction Costs

Addressing higher utility costs

(Billion yen)



- Expected to increase 0.81 billion yen year on year in FY2023
A meaningful portion of the increase will be passed onto residents in the form of contribution funds
- The remainder to be offset by productivity gains

* Comparing existing facilities
* Child raising support facilities not included

Addressing higher construction costs

(Number of developments)

	FY2022		FY2023
	Plan	Results	Outlook
Elderly housing	25	21 sites (22 facilities)	16~22
Group homes for the elderly with dementia	16	11	12~15
Child raising support	6	3	4
Total	47	35	32~41

- Maintaining the planned pace of new facility openings, with commitments already made for the lower-end figures shown
- Open some facilities through M&A rather than in-house development to increase the number of openings

* A total of nursery schools, after-school children's clubs, and child development support facilities
* The numbers of closures are not deducted

Outlook/Priority Measures

for the Fiscal Year Ending September 30, 2023

Outlook by Segment for the Fiscal Year Ending September 30, 2023

In the Educational domain, improve earning power with businesses for working adults and DX

In the Healthcare and nursing domain, maintain the good balance between new openings, cost, and quality

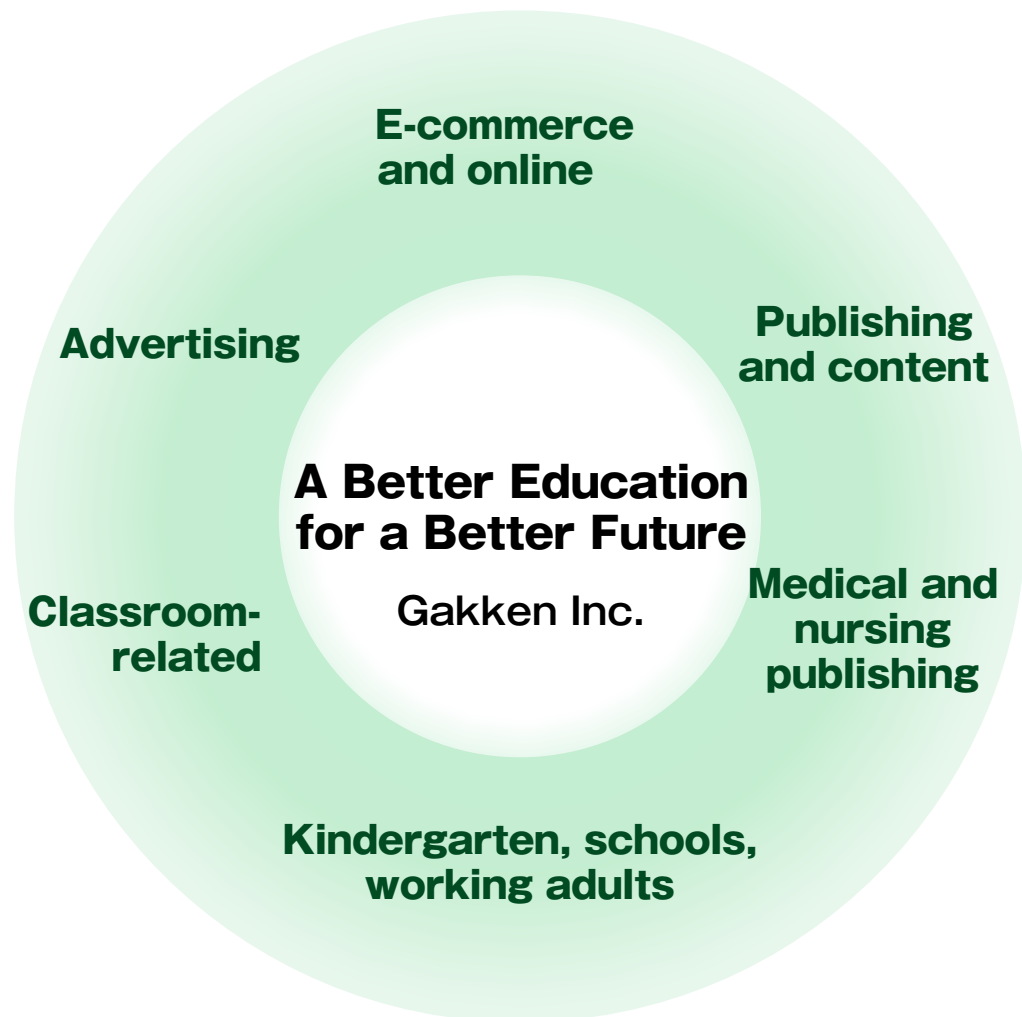
(Billion yen)

Segment	Business	FY2022 Result		FY2023 Outlook		Change (YoY)	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Educational Domain		78.17	4.43	79.81	4.98	+1.64	+0.56
	Classroom and learning center	31.44	1.27	31.60	1.41	+0.16	+0.14
	Publishing and content	32.37	3.17	33.36	3.26	+0.99	+0.10
	Kindergarten and school	14.36	0.30	14.85	0.46	+0.49	+0.16
	Goodwill	—	-0.31	—	-0.15	—	+0.16
Healthcare and Nursing Domain		72.24	3.15	75.85	3.51	+3.62	+0.36
	Elderly housing	32.37	1.42	35.23	1.76	+2.86	+0.34
	Group homes for the elderly with dementia	34.10	2.07	34.63	2.09	+0.53	+0.02
	Child raising support	5.76	0.12	6.00	0.12	+0.24	+0.00
	Goodwill	—	-0.46	—	-0.46	—	+0.00
Other		5.63	0.81	6.33	0.41	+0.70	-0.40
Adjustments		—	-1.96	—	-2.19	—	-0.23
Group total		156.03	6.43	162.00	6.70	+5.97	+0.27

*Numbers may not add to the totals due to rounding.

New Company “Gakken Inc.” Launched

In order to create new ways of learning and diverse learning opportunities as envisioned in Gakken 2023, consolidated Gakken Plus Co., Ltd., Gakken E-mirai Co., Ltd., Gakken Medical Shujunsha Co., Ltd., and Gakken Shuppan Service Co., Ltd. in October 2022. Started business as Gakken Inc.



<Expected benefits from consolidation>

■ Accelerate efforts in priority domains by consolidating editing and digital departments

-Newly established the Adult Learning Division to enter the recurrent education business in earnest
-Released digital comics platform “Gakcomi” in November 2022 as the first of new businesses developed through DX

■ Expand sales channels

Make use of nationwide sales offices for kindergartens and schools to roll out publishing content through multiple channels

■ Execute cross-channel marketing programs in which kindergartens, bookstores, and classrooms are linked with social media and websites

Planning to implement the first promotional campaign of this kind from January 2023 to coincide with the new semester sales season

■ Optimize editing, sales, and administrative departments by consolidating organizations

Streamlining benefits from initial reorganization and personnel reallocation estimated to be roughly 0.14 billion yen in the first fiscal year

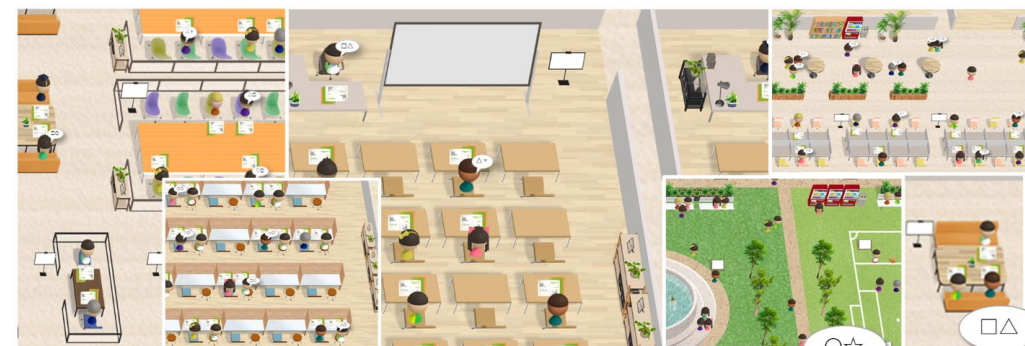
Educational Domain: Priority Measures for FY2023

A slew of digital services fully launching to revolutionize classrooms and learning centers! Gakken Classroom Online/Kotoba Park/Gakken ON AIR/Virtual Smart Campus (ViSC)

Given that the numbers of members and students are on a downtrend due to declining birth rates and the impact of the COVID-19 pandemic, it is essential to expand the market area for each classroom and learning center. The most important initiative that the Group will focus on is enhancing and differentiating digital services.

The key will be the Virtual Smart Campus (ViSC) concept, under which Group learning centers will be interconnected to support children's learning process in all aspects. The online platform will offer not only online lessons, but also a library of e-books, self-study rooms, spaces for communication, and faculty offices, to digitally transform the whole of learning forums. This initiative will expand the market area to include people living too far away to physically attend Group learning centers. The program will allow Gakken to differentiate itself from competitors, with unique added value available only through its nationwide network of learning centers.

The Gakken Classroom business will make it even easier and more fun to learn with the full launch of Gakken Classroom Online, through which students can take familiar lessons at home, as well as Kotoba Park, which enhances working memory.



* FAMcampus is a registered trademark of FUJI SOFT INCORPORATED.
(For illustrative purposes only)



Gakken Classroom Online



Healthcare and Nursing Domain: Priority Measures for FY 2023

**Be the best partner for seniors with a full range of services,
including options for seniors who are still active and those approaching the end**

The number of seniors aged 65 or older*1 in Japan has exceeded 35 million and is expected to peak in 2042 at 39 million. The percentage of late elderly population aged 75 or older in total population*2 will continue to rise, likely exceeding 25% in 2055. With customers spending a longer portion of their lives as “elderly,” services they need are becoming more and more diverse.

The healthcare and nursing domain is accelerating the development of new businesses to address the growing market and diversifying needs of customers, in fields surrounding the existing businesses in elderly housing and group homes for the elderly with dementia.

The Group will lend support for seniors to enjoy enriched lives while offering services that best fit each life stage of customers and their family, including those for maintaining health and preventing dementia, as well as elderly care for people with dementia and end-of-life care.

*1 The Ministry of Health, Labour and Welfare website: <https://www.mhlw.go.jp/english/>

*2 Annual Report on the Ageing Society: <https://www8.cao.go.jp/kourei/whitepaper/index-w.html>



■ Gakken Famille

- Life-ending business (family funeral)
- Established on October 3, 2022 as a joint venture with KIZUNA HOLDINGS



■ Kentatsu Net

- Elderly care facility search
- E-commerce
- Learning content for maintaining health and preventing dementia



■ Likes Pharmacy

- Dispensing prescription drugs
- Delivering medication to facilities and homes

Gakken Group hopes that everyone has fulfilling lives.
To this end, we provide inspiration, satisfaction, safety for today,
and dreams and hopes for tomorrow.



Create Solutions
Beyond Your Imagination

Think deeply for
people and society.
Keep on learning.
Possess passion and speed.
Harness the power
of the individual
for the strength of the group.
Do not be satisfied with
the status quo.

Supplementary Materials

for the Fiscal Year Ended September 30, 2022

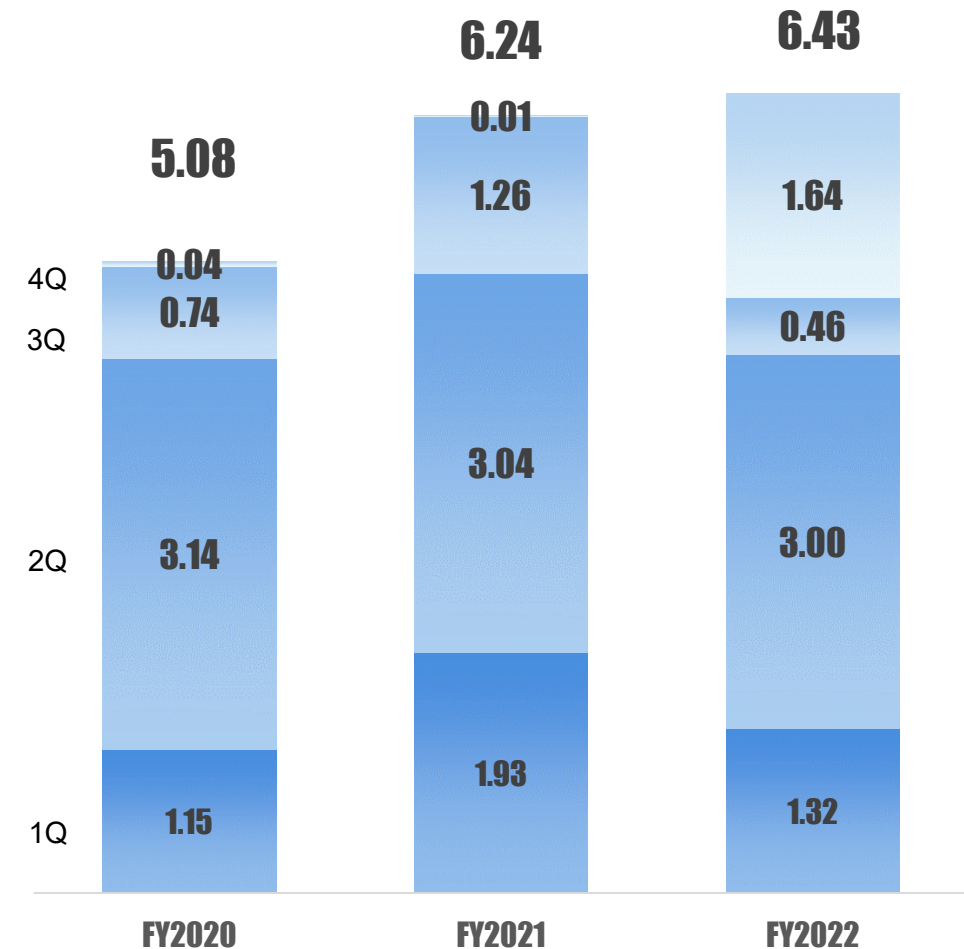
Quarterly Performance Trends FY 2020 – FY 2022

(Billion yen)

Net sales

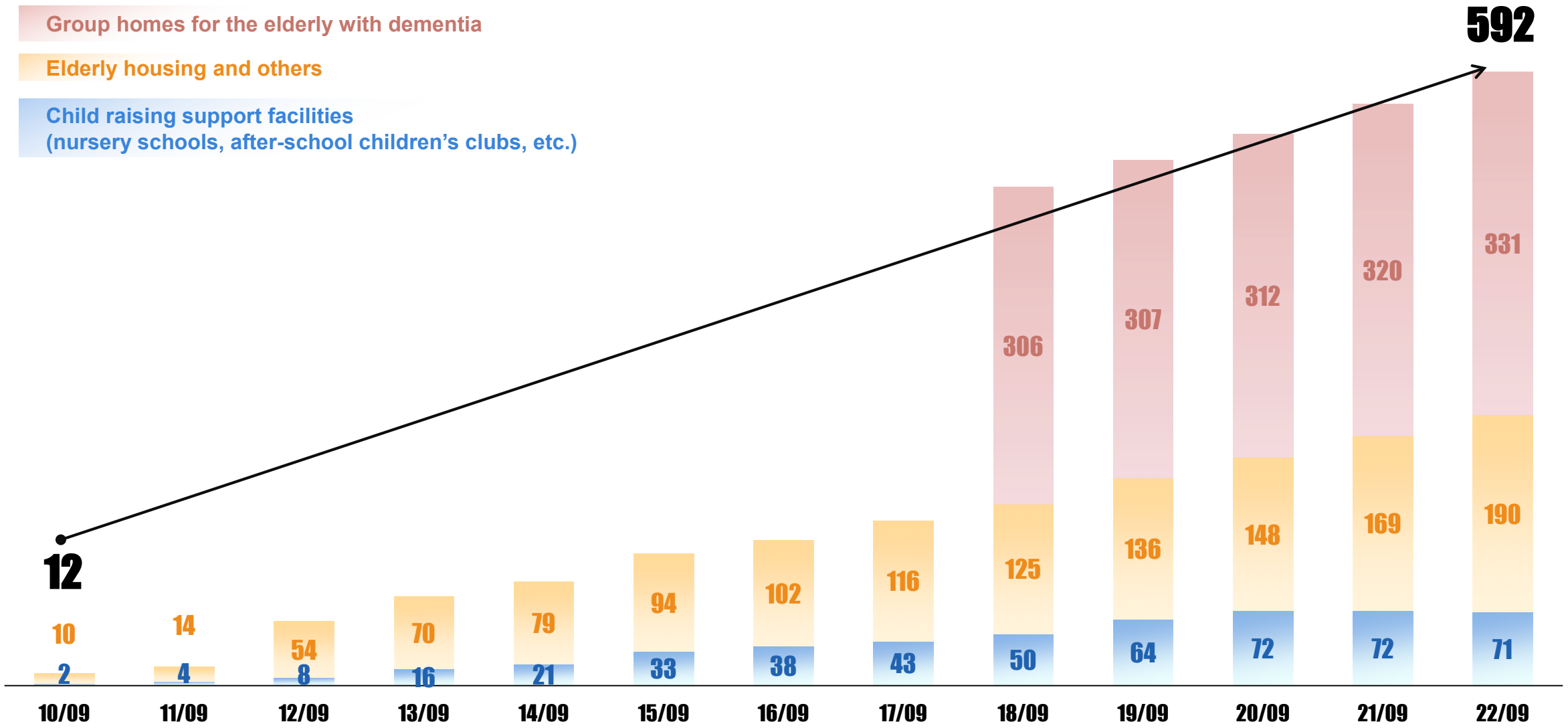


Operating Profit



*Numbers are rounded to the nearest hundred million.

Healthcare and Nursing Domain: No. of Facilities



*Numbers are net numbers: the number of new openings minus the number of closures.

Healthcare and Nursing Domain

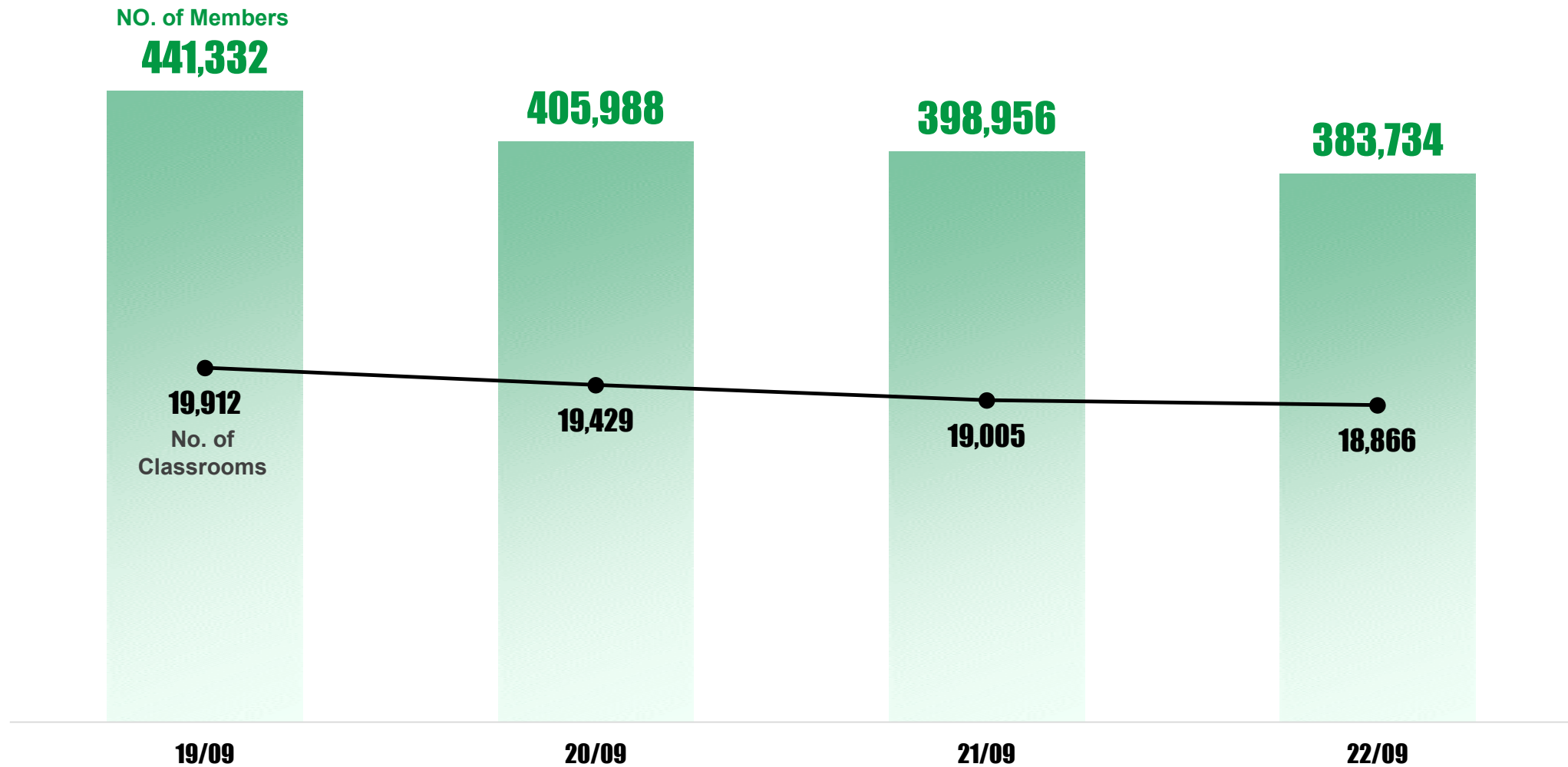
Occupancy Rate and Utilization Rate

		20/03	20/09	21/03	21/09	22/03	22/09
Elderly housing	Total no. of units	6,898	7,182	7,717	8,308	9,037	9,665
	No. of occupied units	6,289	6,600	6,985	7,505	8,345	9,073
	Occupancy rate	91.2%	91.9%	90.5%	90.3%	92.3%	93.9%
Group homes for the elderly with dementia*	No. of units	5,192	5,246	5,246	5,372	5,444	5,570
	Occupancy rate	98.0%	98.0%	98.0%	97.8%	97.6%	97.7%
Child raising support facilities	Maximum no. of children	2,497	2,788	2,788	2,661	2,664	2,721
	No. of children enrolled	2,107	2,381	2,389	2,443	2,441	2,505
	Utilization rate	84.4%	85.4%	85.7%	91.8%	91.6%	92.1%

*MCS changed the fiscal year end in FY2021. Before March 2021, figures for September, March are those for August and February, respectively.

Educational Domain

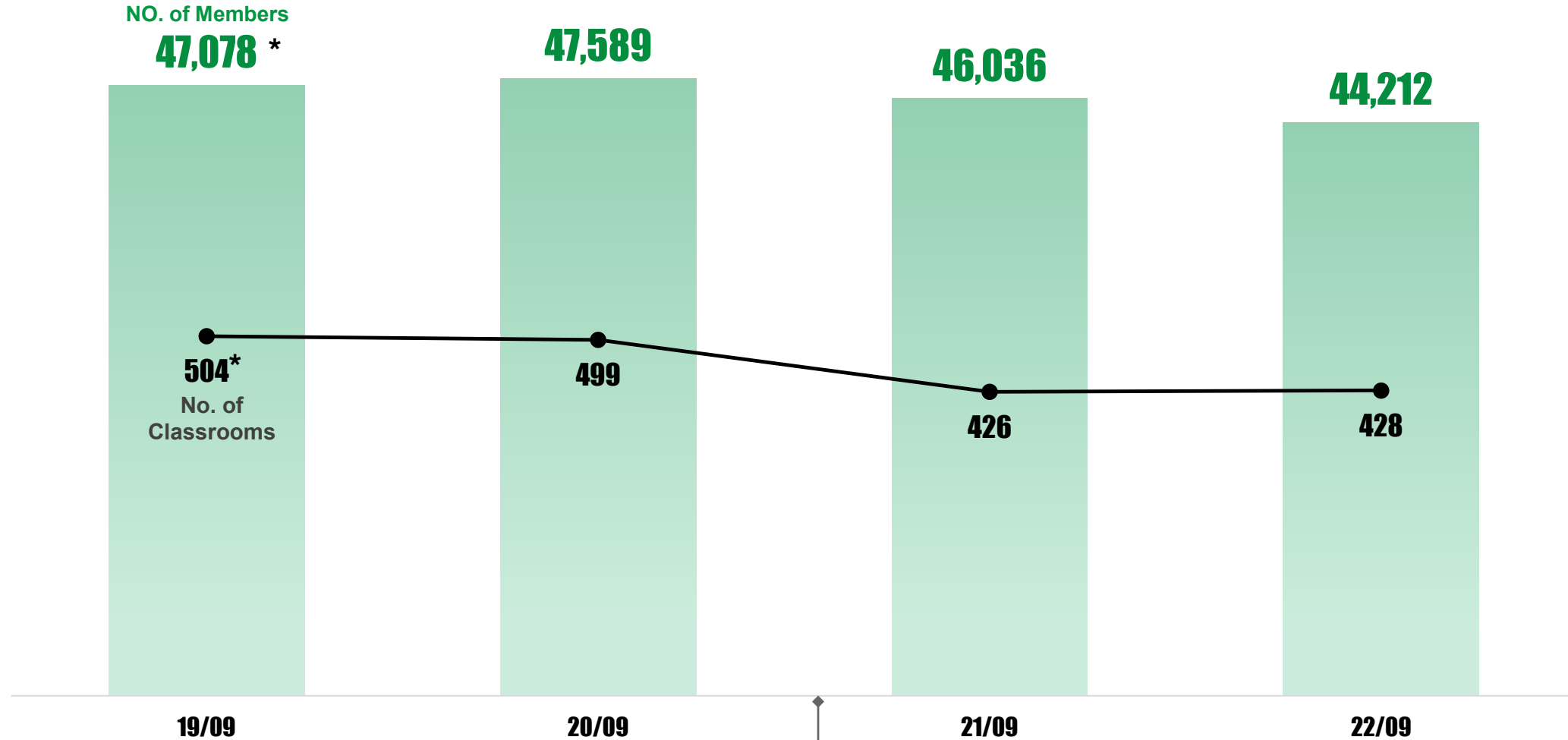
Classrooms: No. of Members and No. of Classrooms



*Numbers of members and classrooms are totals of those for Gakken Classrooms and toddler classes. Following the acquisition of businesses, those numbers include those for Shogakukan Academy and Mebae Classrooms after September 2020 and July 2021, respectively.

Educational Domain

Learning Centers: No. of Members and No. of Classrooms



*Gakken AIZ and SIGN-1 were liquidated in February 2021 and March 2021, respectively.

* Past disclosure documents contained errors in the figures for September 2019, which have been corrected. No changes were made to the figures for September 2020 or 2021.

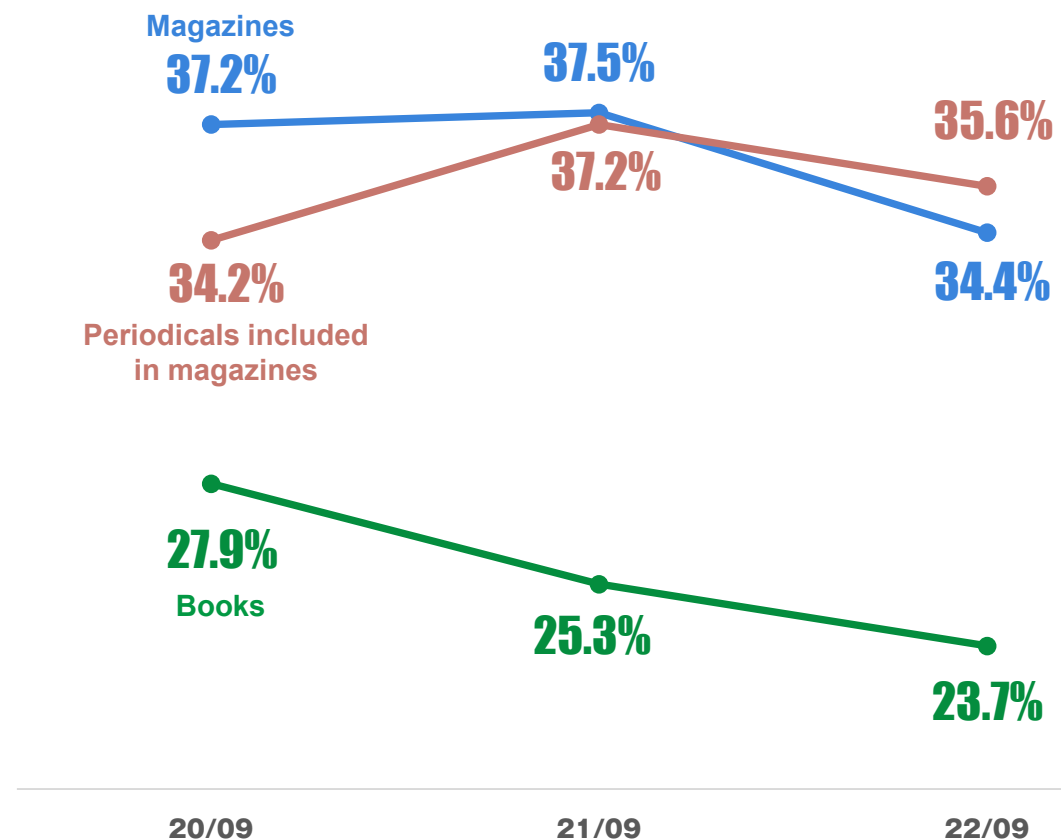
Educational Domain

No. of New Publications and Rate of Returns

No. of new publications* for full year

	20/09	21/09	22/09
Children's books	191	192	194
Study-aid books	223	172	178
How-to guides *2	130	160*3	187
Magazine books	62	46	51
Other publications	142	87	123
Total	748	657	733

Rate of publications returned* for full year



*1 Numbers of new publications and the rate of publications returned for books (excluding magazines) are for those of Gakken Plus only and do not include numbers for Gakken Medical Shujunsha Co., Ltd. and Bunri Co., Ltd.

*2 "How-to guides" excluded from "Other publications" starting in the fiscal year under review.

Accordingly, the numbers of new publications in the fiscal years ended September 30, 2020 and 2021 retroactively adjusted for "Other publications" and "How-to guides."

*3 As for the number of new how-to guides published by Arukikata Co., Ltd., the number of new publications associated with the change in publisher/distributor when it joined the Group in 2021 is deducted from the number of new how-to guides published in the fiscal year ended September 30, 2021.

Educational Domain

School Textbook Publication Schedule

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

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

◎ Start of use: Delivery to each school and students

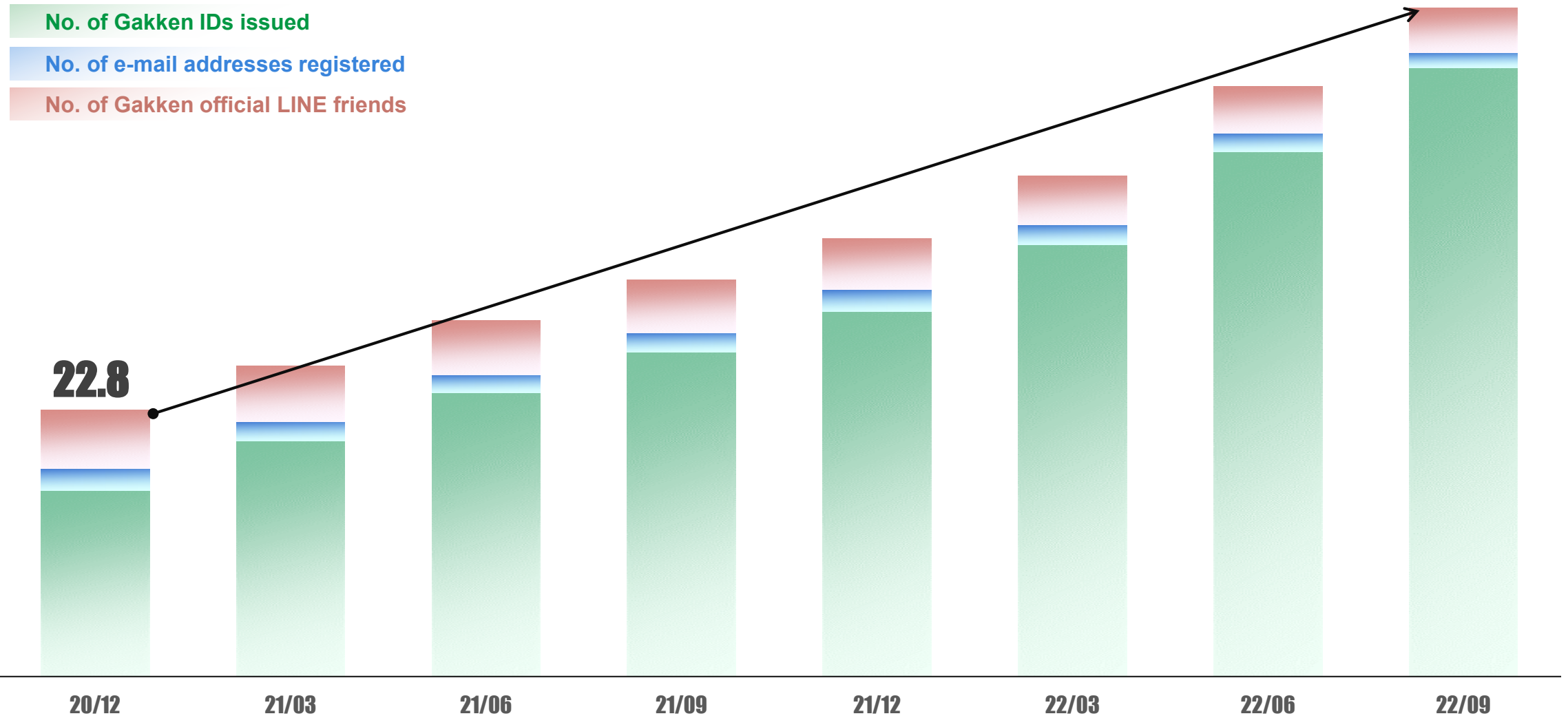
	2018	2019	2020	2021	2022	2023	2024	2025
Elementary school / Health	△	●	◎		△	●	◎	
Junior high school / Physical and health education		△	●	◎		△	●	◎
Elementary school / Moral education	◎ △	●	◎		△	●	◎	
Junior high school / Moral education	●	◎ △	●	◎		△	●	◎

*Demand for instruction guides for teachers is concentrated in the years of “◎ Start of use.”

DX Strategy: Group Direct Touchpoints

Issuing of IDs fared well for each individual service. Aim to improve customer LTV by enhancing coordination among services

(in 10,000)



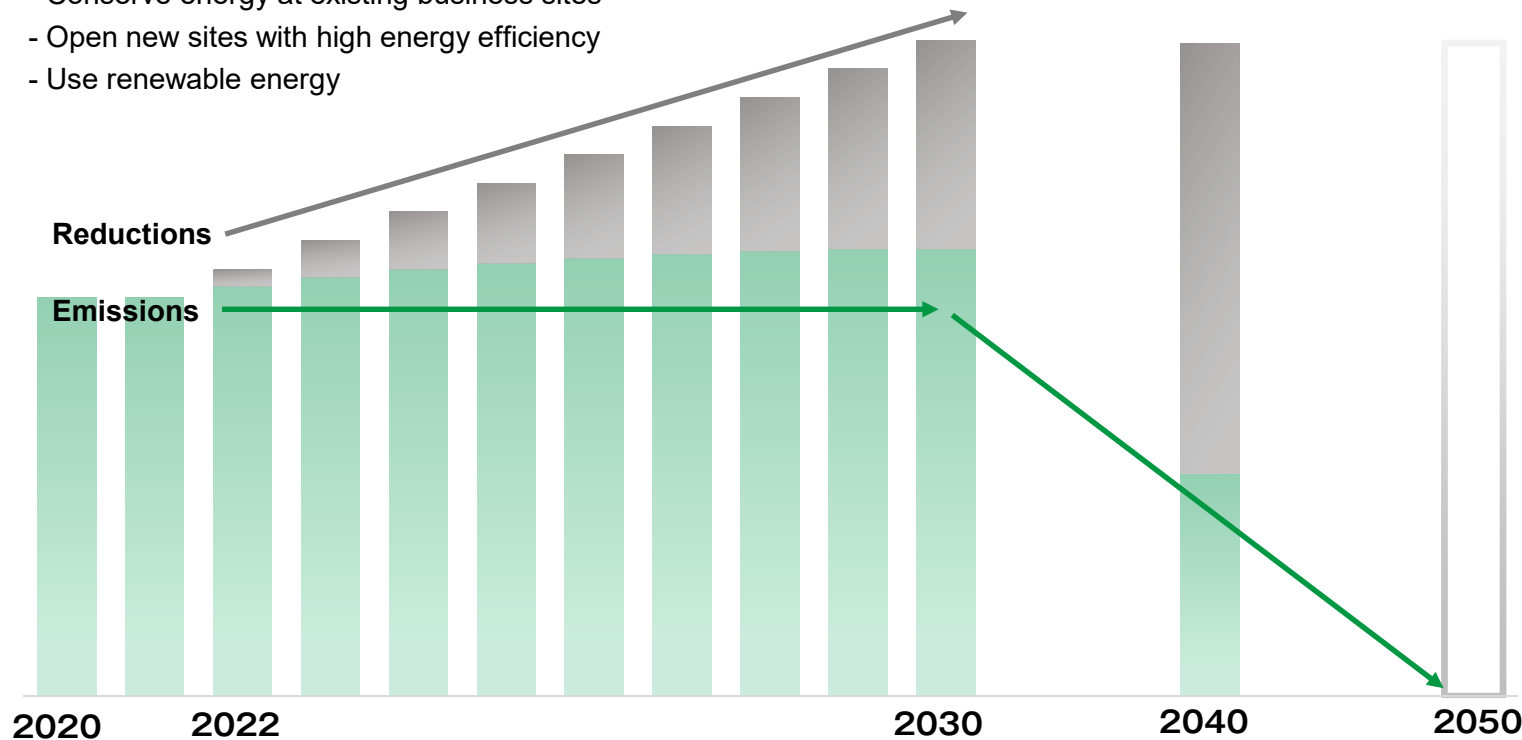
Efforts to Promote Sustainability

- Established the Sustainability Committee, chaired by the Representative Director, in October 2021
- Announced support for TCFD and began initiatives aimed at transitioning into a decarbonized society
- Set reduction targets and enhancing measures with the goal of going carbon neutral by 2050

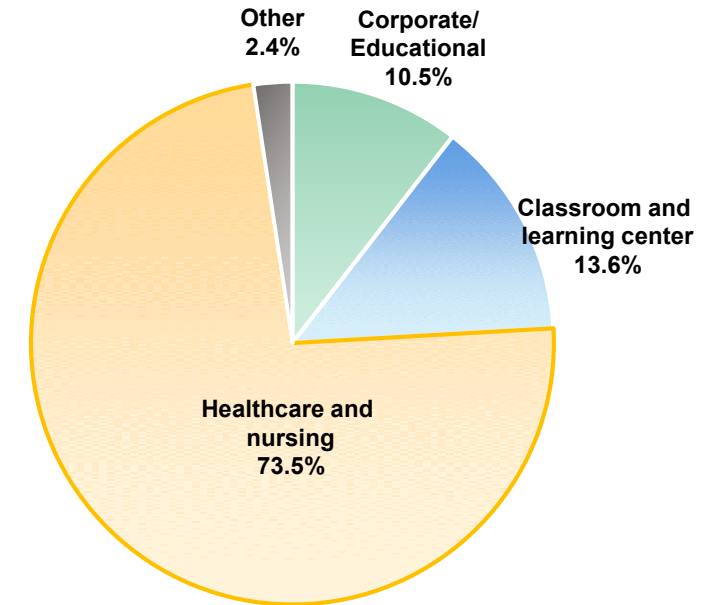
■ Trend in greenhouse gas emissions and visualization of the reduction plan

< Measures to reduce emissions >

- Conserve energy at existing business sites
- Open new sites with high energy efficiency
- Use renewable energy



■ Greenhouse gas emissions by business (Scope 1+2)



FY2021
total greenhouse gas emissions
35,975t-CO2

Gakken

**Gakken Group hopes that everyone has fulfilling lives.
To this end, we provide inspiration, satisfaction, safety for today,
and dreams and hopes for tomorrow.**

Gakken Holdings Co., Ltd.

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.