
Financial Results

for the Six Months Ended March 31, 2023

May 12, 2023
Gakken Holdings Co., Ltd.

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Executive Summary

for the Six Months Ended March 31, 2023

Executive Summary of the financial results for the Six Month Ended March 31, 2023

Net sales	: 81.17 billion yen (1.9% increase year on year)
Operating profit	: 3.22 billion yen (25.4% decrease year on year)
Ordinary profit	: 3.27 billion yen (25.6% decrease year on year)
Profit	: 1.24 billion yen (51.4% decrease year on year)

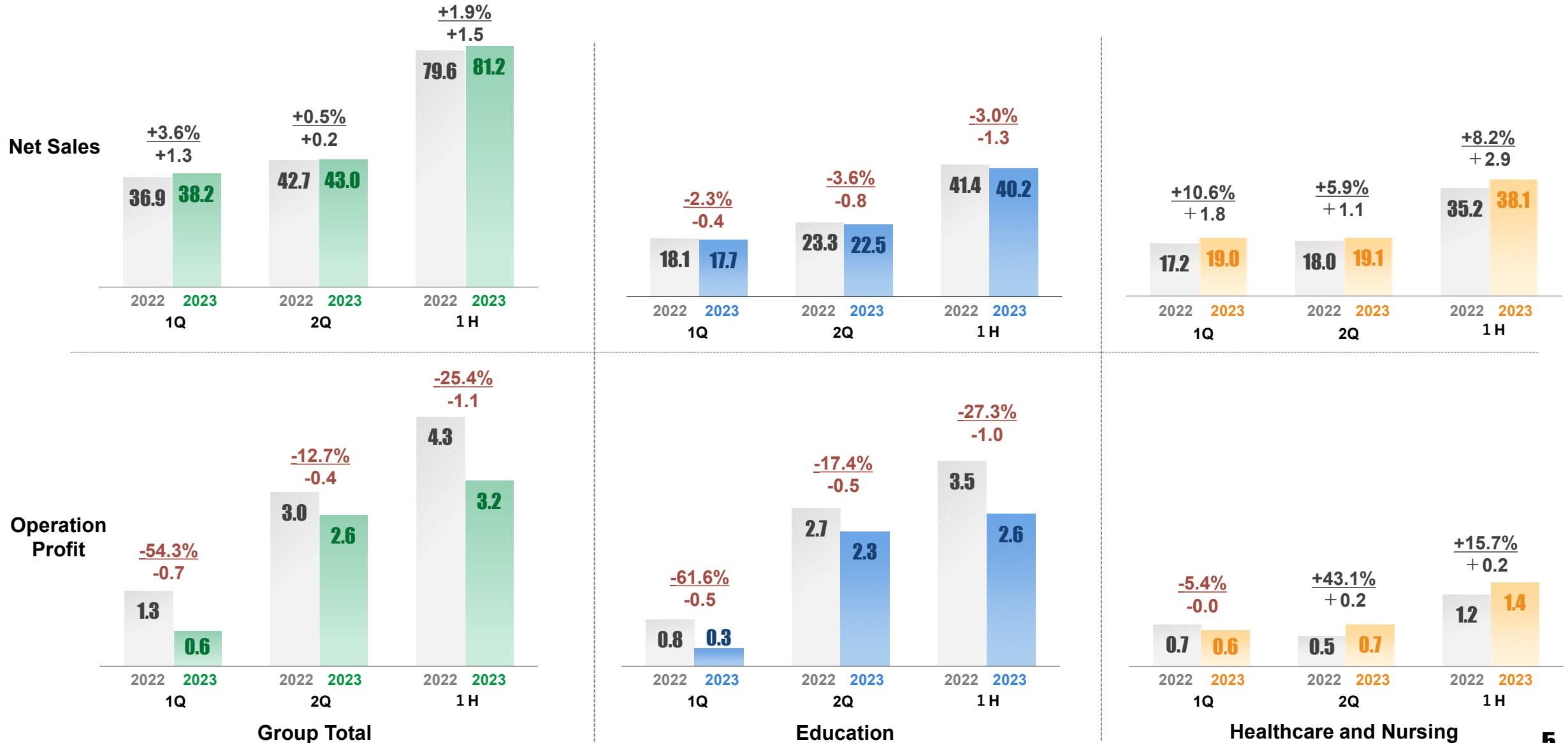
-Consolidated net sales : Up 1.9%, driven by increase in revenue in Healthcare and nursing domain

-Operating profit : Down 54.3% in 1Q and down 12.7% in 2Q.
Cumulative result for 1H : down 25.4%
Affected by deteriorating business environment,
rising costs, weak yen, and other factors
in publishing business and kindergarten and school business

-Ordinary profit: : Down due to fall in operating profit

-Profit : Down due to fall in operating profit and loss
on valuation of cross-shareholdings (−0.68 billion yen)

Trends of Net Sales and Operating Profit and YoY Changes

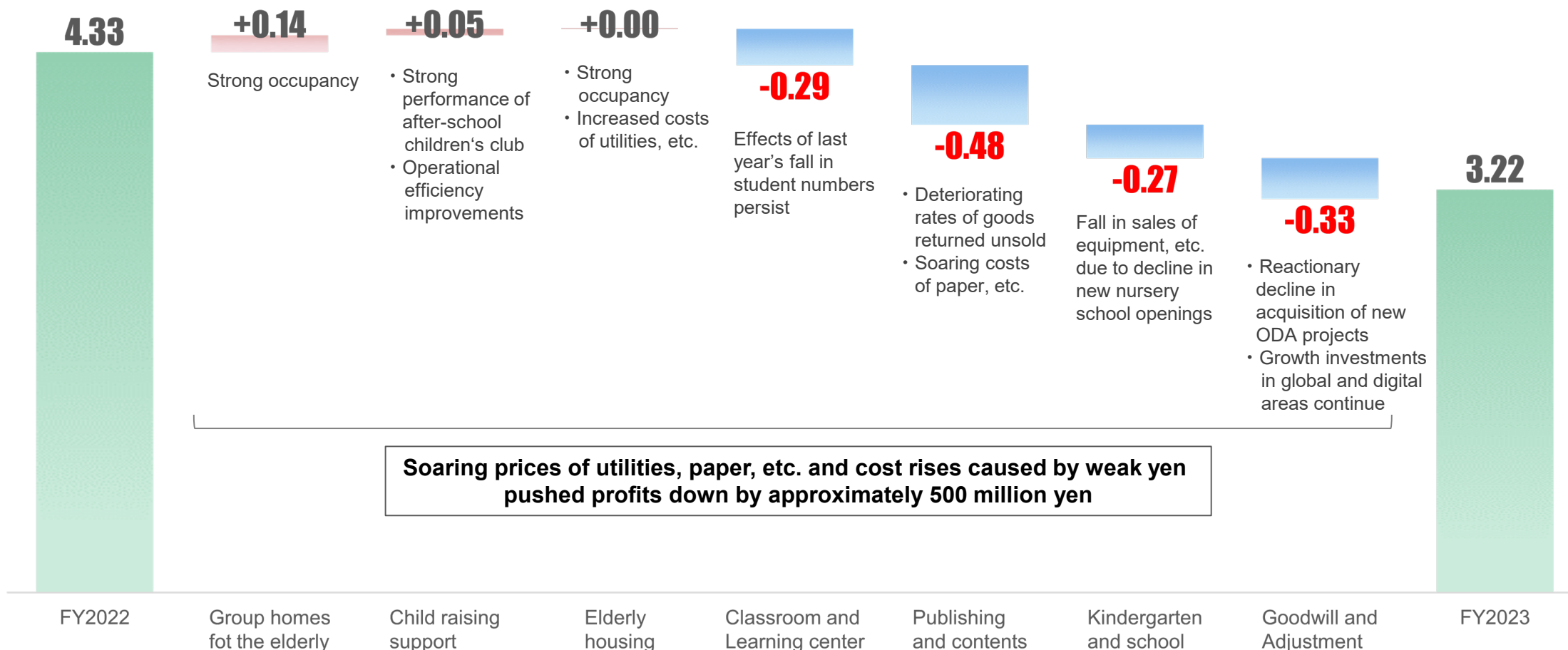


*Numbers are rounded to the nearest decimal place.

1H Factors Behind Changes in Operating Profit

(Billion yen)

Fall in revenue due mainly to decline in sales, deteriorating rates of goods returned unsold, and rising costs in publishing business



*Numbers are rounded to the nearest decimal place.

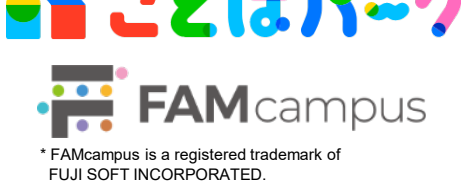



Educational Domain

Main Initiatives in 1H and Recent Trends

Rolling out an “evolved educational business” after COVID-19

During the COVID-19 pandemic, the Gakken Group pursued a variety of challenges to break through the limitations the pandemic placed on learning and developed services through a process of repeated trial and error.

The greatest change that the pandemic brought to education was the acceleration of DX. With the digitalization of not only learning materials, but even study spaces and communication, we are designing learning approaches that are easy to access by anyone from anywhere.

<p>Classroom and learning center</p>	<p>Online services that make it easier to stay motivated are popular</p> <ul style="list-style-type: none"> -Increase in users of Kotoba Park, the online small-group Japanese language instruction service, and virtual smart campuses (ViSC) -Distinctive for encouraging motivation while being stimulated by communication with others 	 <p><small>* FAMcampus is a registered trademark of FUJI SOFT INCORPORATED.</small></p>
<p>School</p>	<p>Language business that offers experience of the world</p> <ul style="list-style-type: none"> -Increase introduction to schools of kimini, online English conversation lessons by native English speaking instructors -Growth in bookings for the Tokyo Global Gateway, an experience-based English learning facility that creates an “overseas atmosphere” with projection mapping, VR, and other technologies 	
<p>Working adult education</p>	<p>Products for growing demand in the recurrent education and reskilling markets</p> <ul style="list-style-type: none"> -Shikaku Pass, a service that offers easy smartphone-based study for qualifications, was launched in April, with a promising start 	
<p>Global</p>	<p>Accelerated roll-out of business into SEA through tie-ups with local partners</p> <ul style="list-style-type: none"> -In Vietnam, entered into a capital and business alliance with DTP Education Solutions, which holds a more than 30% share of the English language learning textbook market. We will expand business into Southeast Asia with DTP as a hub 	

Healthcare and Nursing Domain

Main Initiatives in 1H and Recent Trends

Expanded share with active new development!

We are driving the market and expanding revenue by actively opening new facilities in the Healthcare and nursing Domain. Despite the impact of rising commodity prices, including utilities and food costs, through appropriate cost management, we are making steady progress toward our goal of being a top company in healthcare and nursing.

Serviced apartments for the elderly

-In 1H, impact of soaring commodity prices, meant that profits were flat, but occupancy rates trended at record-high levels.

-Expect to reach 10,000 rooms in 2H



We are also developing complexes that contribute to multigenerational interaction in local communities.

Group homes for the elderly with dementia

-Smooth progress toward target to open 12-15 new facilities this fiscal year, with six new facilities opened in 1H



We now have over 300 group homes nationwide in the "Ai no le" series

Child raising support

-Growth in number of contracts for operation of after-school children's clubs

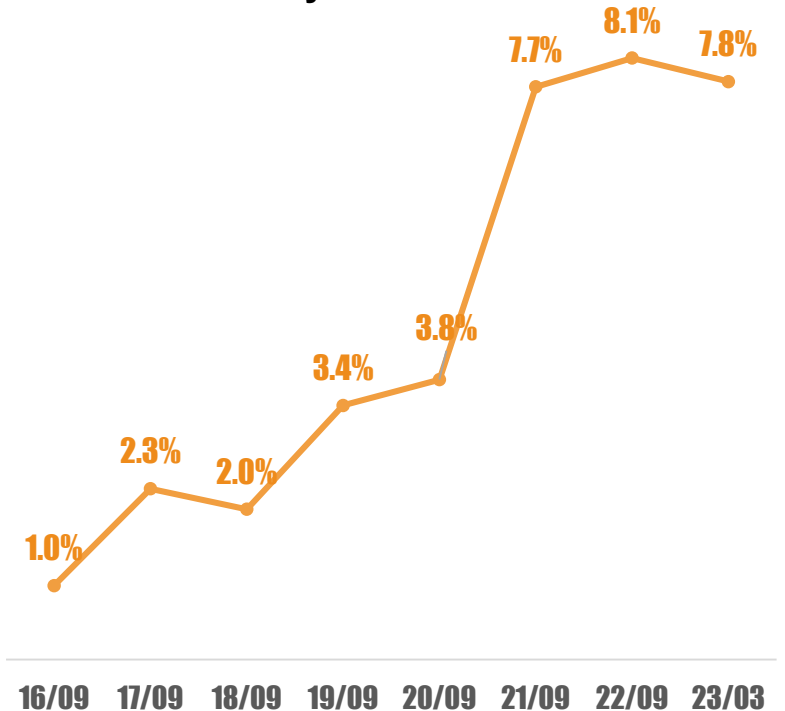
-With further growth in demand expected, we will promote initiatives to increase the appeal of "Gakken's children's clubs"

-In March, we acquired the a content platform that specializes in after-school children's clubs



27 after-school children's clubs in the greater Tokyo area

Gakken's share in industry-wide growth in facility numbers



*Created with reference to statistics on registrations of serviced apartments for the elderly on the Ministry of Land, Infrastructure, Transport and Tourism website (<https://www.mlit.go.jp/en/index.html>)
*March 2023 results are the totals for the six months from October 2022.

2H Recovery Strategies

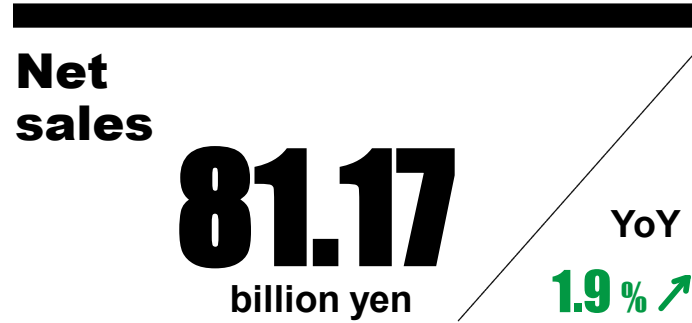
- **Reduce costs across the entire Group**
- **Strengthen upselling by identifying growth trends in demand for services and products for toddlers**
- **Restore earning power of content business, with focus on main and growth areas**
 - **Strengthen marketing**
 - **Actively introduce recurrent education and reskilling offerings**
- **Increase profits in Healthcare and nursing domain with stronger occupancy sales and cost controls**
- **Reduce cross-shareholdings and divest non-business assets**

Overview of Financial Results

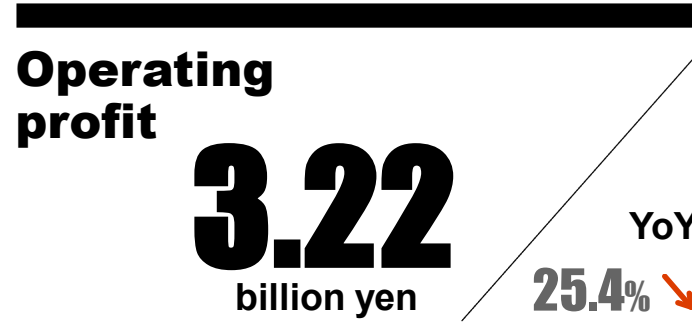
for the Six Months Ended March 31, 2023

Summary of Consolidated Financial Results for the Six Month Ended March 31, 2023

*Numbers are rounded to the nearest decimal place.



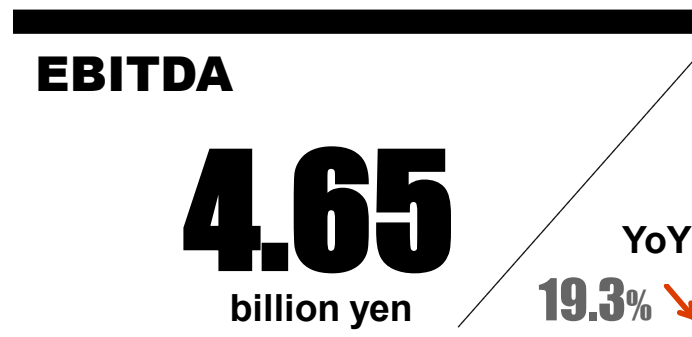
Continued increase in revenue in Healthcare and nursing domain with active opening of new facilities



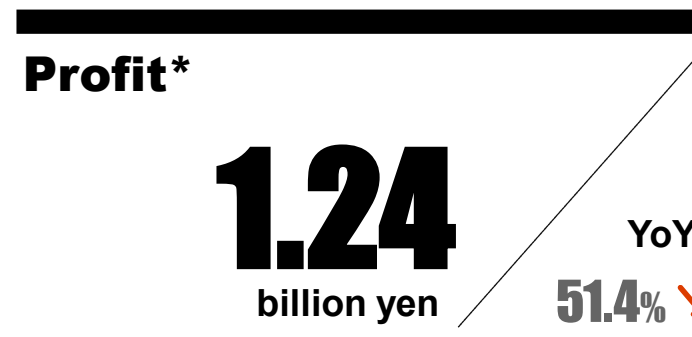
Deteriorating rates of goods returned unsold, weak yen, and other factors prevented full absorption of cost increases in publishing business



Down due to fall in operating profit



Down due to fall in operating profit



Fall in operating profit and loss on valuation of cross-shareholdings were main causes

* Profit attributable to owners of parent



Maintained 30% payout ratio. Dividend increased as initially projected

Summary of Results by Segment for the Six Month Ended March 31, 2023.

(Billion yen)

Segment		FY2022 1H		FY2023 1H		Change (YoY)	
	Business	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Educational domain		41.44	3.52	40.19	2.56	-1.25	-0.96
	Classroom and learning center	15.86	0.68	15.36	0.39	-0.50	-0.29
	Publishing and content	17.09	2.29	16.82	1.81	-0.27	-0.48
	Kindergarten and school	8.49	0.71	8.01	0.44	-0.48	-0.27
	Goodwill	—	-0.16	—	-0.08	—	+0.08
Healthcare and Nursing domain		35.21	1.19	38.08	1.38	+2.87	+0.19
	Elderly housing	15.62	0.46	17.42	0.46	+1.80	+0.00
	Group homes for the elderly with dementia	16.77	0.95	17.59	1.09	+0.82	+0.14
	Child raising support	2.82	0.01	3.07	0.06	+0.25	+0.05
	Goodwill	—	-0.23	—	-0.23	—	-0.00
Other		2.98	0.53	2.90	0.29	-0.08	-0.24
Adjustments		—	-0.92	—	-1.01	—	-0.09
Group total		79.63	4.33	81.17	3.22	+1.54	-1.10

*Numbers are rounded to the nearest decimal place.

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

Summary of Results by Segment for the 2nd Quarter (single quarter)

(Billion yen)

Segment	Business	2Q FY2022 (single quarter) Results		2Q FY2023 (single quarter) Results		Change (YoY)	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Educational domain		23.30	2.72	22.47	2.25	-0.83	-0.47
	Classroom and learning center	7.92	0.02	7.69	-0.09	-0.24	-0.11
	Publishing and content	10.38	2.10	10.18	1.99	-0.20	-0.12
	Kindergarten and school	5.00	0.67	4.60	0.39	-0.40	-0.28
	Goodwill	—	-0.08	—	-0.04	—	+0.04
Healthcare and Nursing domain		18.02	0.52	19.08	0.74	+1.06	+0.22
	Elderly housing	8.20	0.23	8.73	0.28	+0.53	+0.06
	Group homes for the elderly with dementia	8.37	0.42	8.75	0.54	+0.38	+0.12
	Child raising support	1.45	-0.01	1.59	0.04	+0.14	+0.05
	Goodwill	—	-0.12	—	-0.12	—	±0.00
Other		1.43	0.26	1.42	0.14	-0.01	-0.12
Adjustments		—	-0.50	—	-0.51	—	-0.01
Group total		42.74	3.00	42.97	2.62	+0.22	-0.38

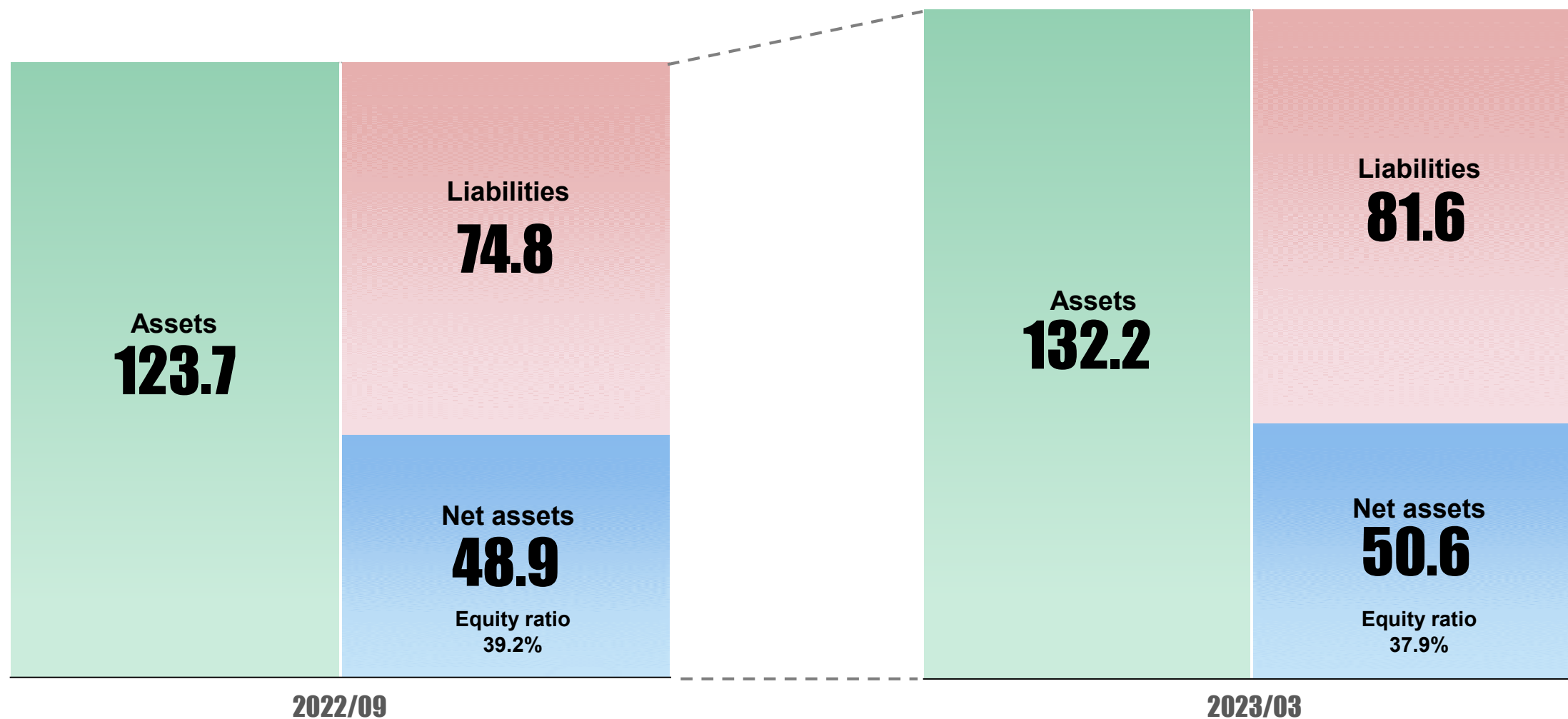
*Numbers are rounded to the nearest decimal place.

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Consolidated Financial Position

(Billion yen)

Assets up due to increase in working funds resulting from new semester sales season



*Numbers are rounded to the nearest decimal place.

Educational Domain Financial Results

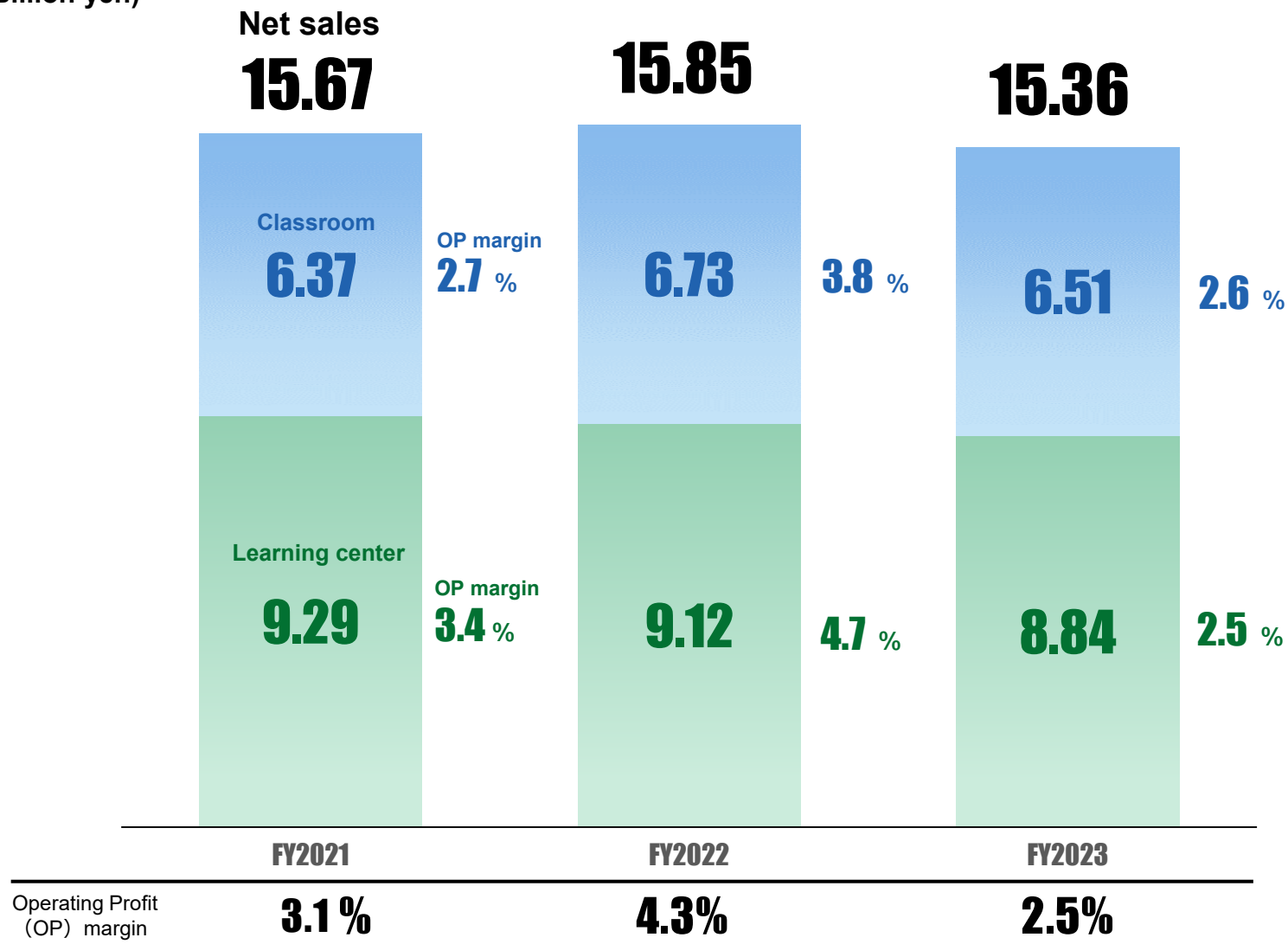
for the Six Months Ended March 31, 2023

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 for the Six Month Ended March 31, 2023.

(Billion yen)



Positives

- Number of new toddler class openings
Up 49 year on year
- Gakken L Staffing (dispatch of home tutors, individual instruction business) performed strongly
- Introduction of virtual smart campuses (ViSC) progressing well

Negatives

- Delay in recovery of student numbers
Classrooms: down 3.8% year on year
Learning centers: down 2.1% year on year
- Struggled with new classroom openings
Down 370 classrooms year on year
- Trend among students to hold back on enrolling in learning centers due to rising commodity prices impacts on learning centers' performance

*Numbers are rounded down to the nearest decimal place.

Publishing and Content Summary for the Six Month Ended March 31, 2023.

(Billion yen)

Net sales

17.75

Medical and nursing

1.54

Non-publishing

4.21

Publishing

12.00

OP margin

25.7%

OP margin

6.2%

OP margin

13.8%

17.09

1.53

3.41

12.13

25.5%

-2.5%

16.3%

16.82

1.65

3.81

11.34

27.2%

-2.1%

12.7%

FY2021

FY2022

FY2023

OP margin

13.0%

13.4%

-10.8%

Positives

- Map/guide books of Arukikata. Co.,Ltd. continued to perform strongly
- Steady performance of e-learning business targeting nurses
- Strong performance in online English conversation lessons business

Negatives

- Rate of books returned unsold deteriorated by 3.5% year on year
- Sluggish sales in main genres
 - Growth of children's books starting to slow
 - Study-aid books still have top market share, but starting to plateau
- Poor performance in 1Q continued into new semester sales season
- Slump in toy market conditions
- Rising costs of raw materials, logistics, etc. due to weak yen, etc.

*Numbers are rounded down to the nearest decimal place.

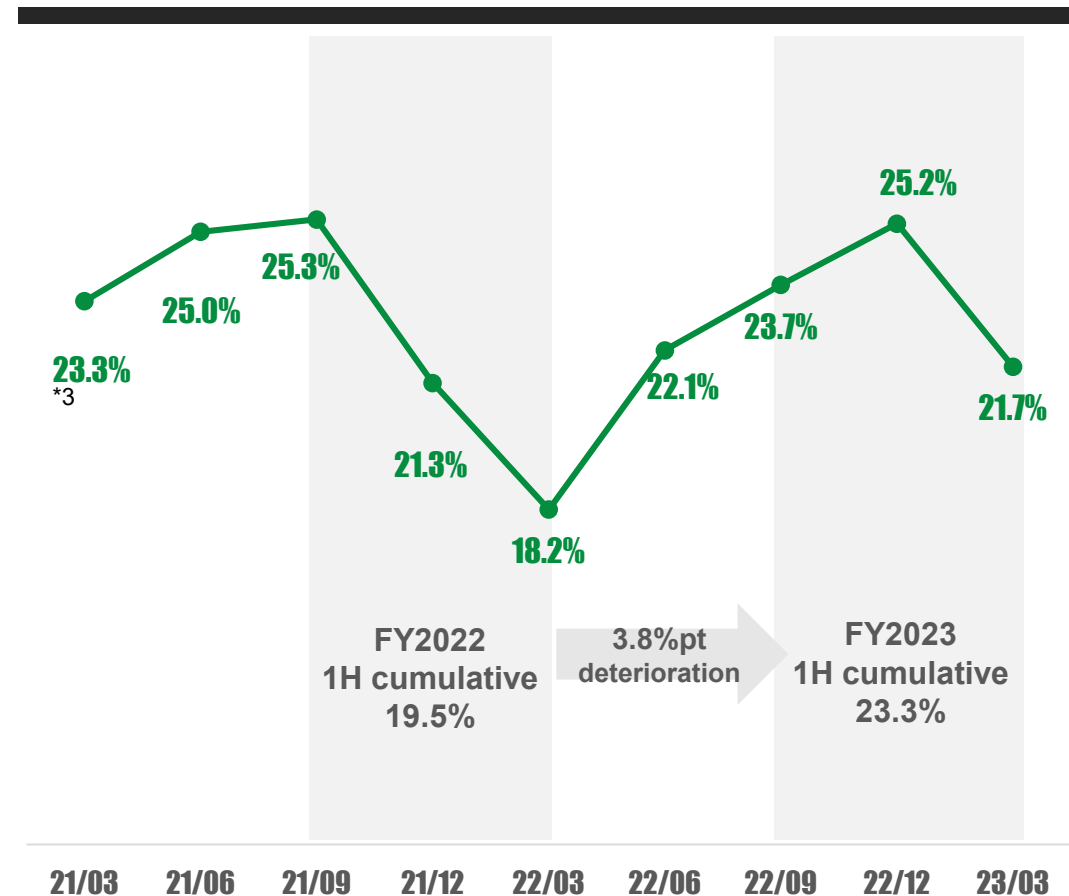
No. of New Publications and Rate of Returns

Increase in new publications in how-to guide genre, driven by “Chikyu-no-Arukikata.”
Rate of publications returned deteriorated by 3.5%

1H no. of new publications *1

	21/03	22/03	23/03
Children's books	95	99	82
Study-aid books	93	94	97
How-to guides	87 ^{*2}	85	123
Magazine books	16	16	13
Other publications	50	71	80
Total	341	365	395

Rate of publications returned *1



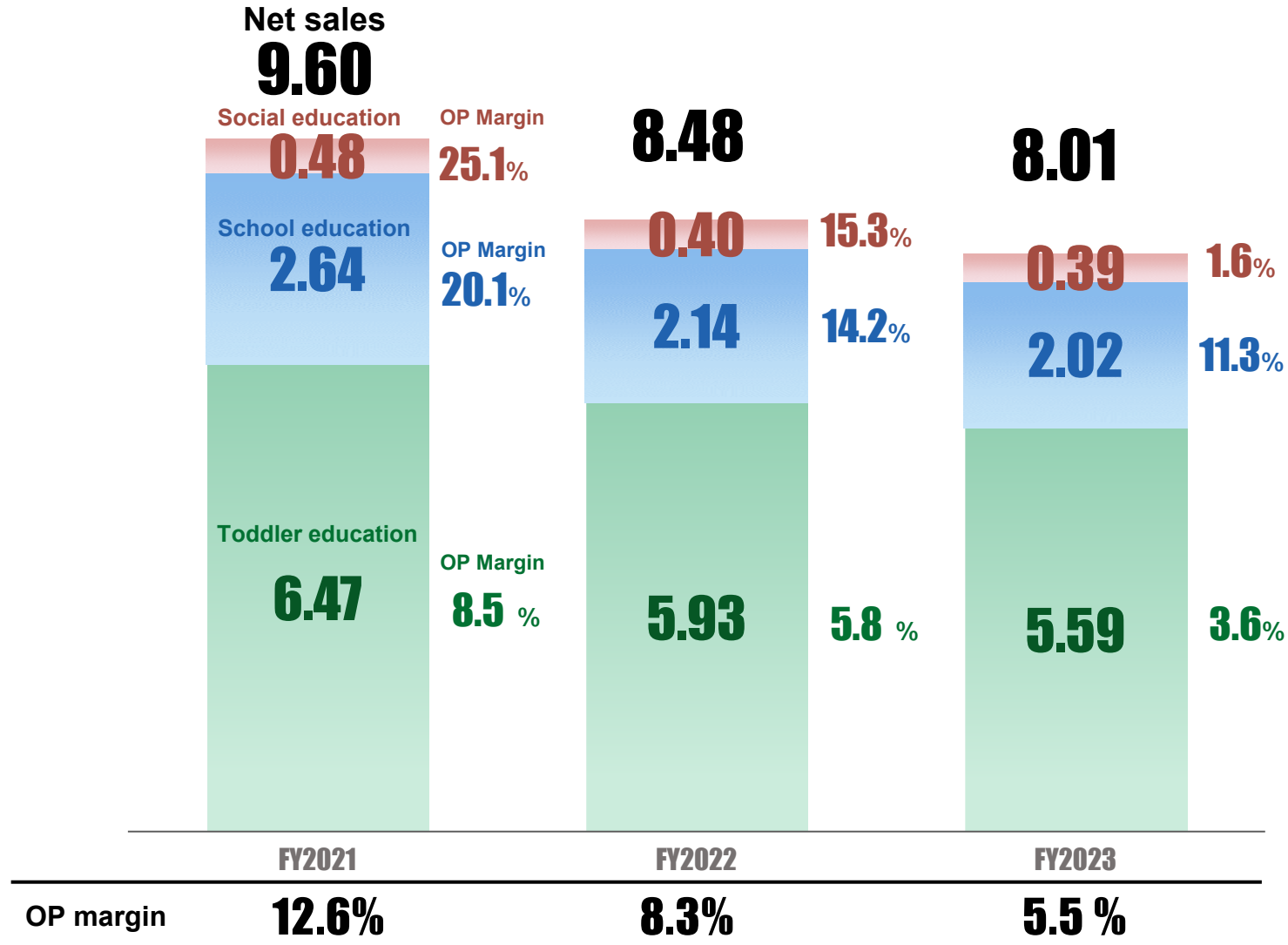
*1 Numbers of new publications and the rate of publications returned for books (excluding magazines) are for those of Gakken only and do not include numbers for medical books and Bunri Co., Ltd.

*2 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

*3. Due to errors in the figures in previous disclosed materials, the rate of publications returned for March 2021 has been corrected from 26.3% to 23.3%. Figures for all other timeframes are unchanged

Kindergarten and School Summary for the Six Month Ended March 31, 2023

(Billion yen)



Positives

- Core offering for kindergartens, monthly publication picture books, performed strongly in new school year sales season. Increase in revenue of 5% year on year
- Child-care ICT system “hugmo” performed well
- Increased share of adoption for AY2024 for elementary school moral education and physical education, strengthened sales capabilities to win more sales of textbooks and instruction guides

Negatives

- No sales of instruction guides for teachers as period under review is in transition period for textbook revisions
- Orders for large play equipment and fittings down due to decline in number of new nursery school openings

*Numbers are rounded down to the nearest decimal place.

Healthcare and Nursing Domain Financial Results

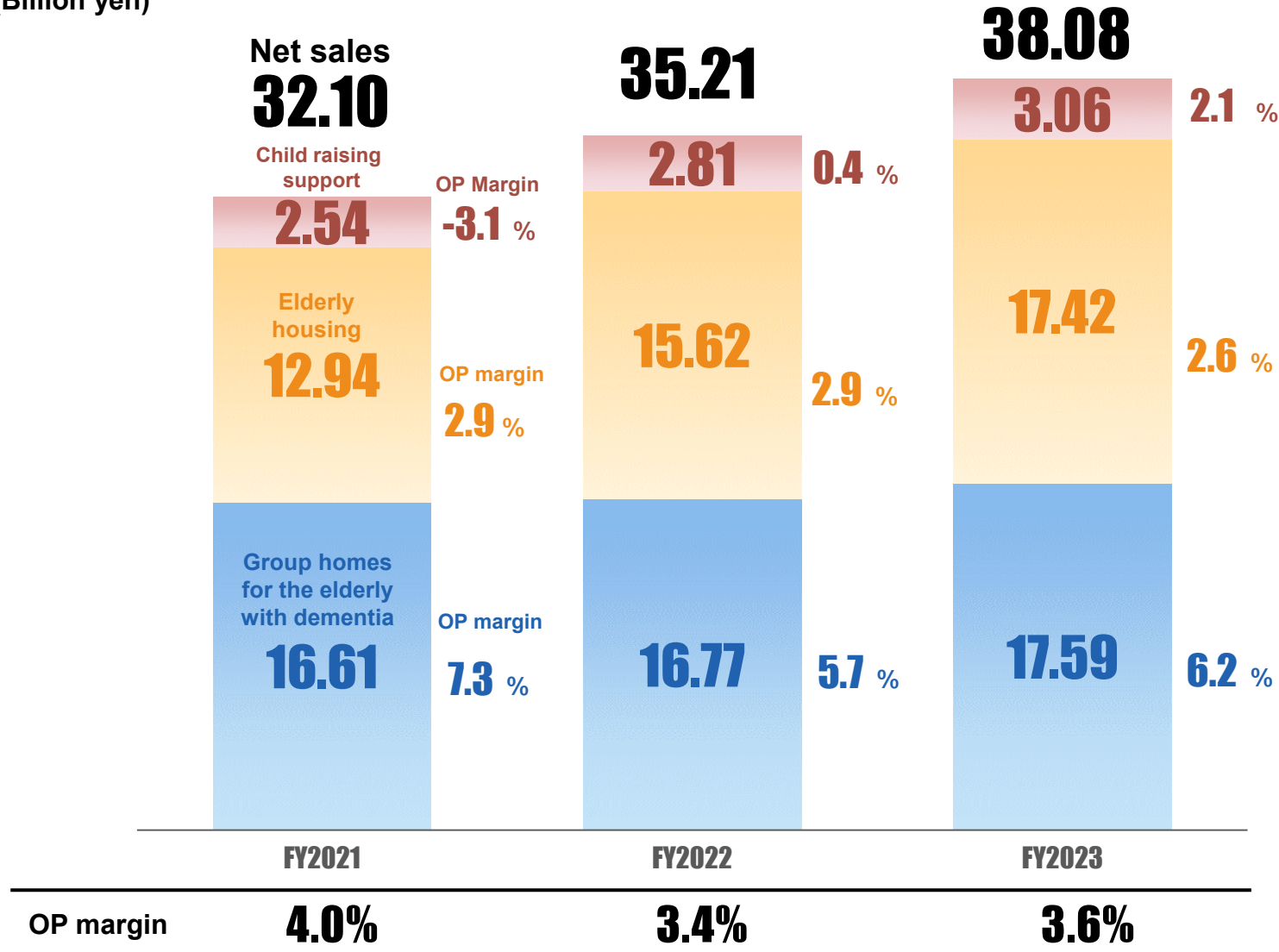
for the Six Months Ended March 31, 2023

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 for the Six Month Ended March 31, 2023

(Billion yen)



Positives

- New openings as scheduled
 - Elderly housing (2)
 - Group homes (3)
- Occupancy and utilization rates trending at high levels
 - Elderly housing : 95.4%
 - Group homes : 96.9%
 - Nursery schools: 92.8%

Negatives

- Costs increased due to higher utility costs (up roughly 0.54 billion yen at existing facilities)
- Concerns about drop in pace of new facility openings due to soaring construction costs
- Cost increases due to soaring prices of commodities, such as food prices

*Numbers are rounded down to the nearest decimal place.

Plans and Progress of New Facility Openings

- Maintaining aggressive planned pace of new facility openings in response to an increase in demand due to growing elderly population
- Certain number will be shifted from in-house development to M&A to increase the number of new openings, with an aim to add to forecasts

(Number of developed facilities)

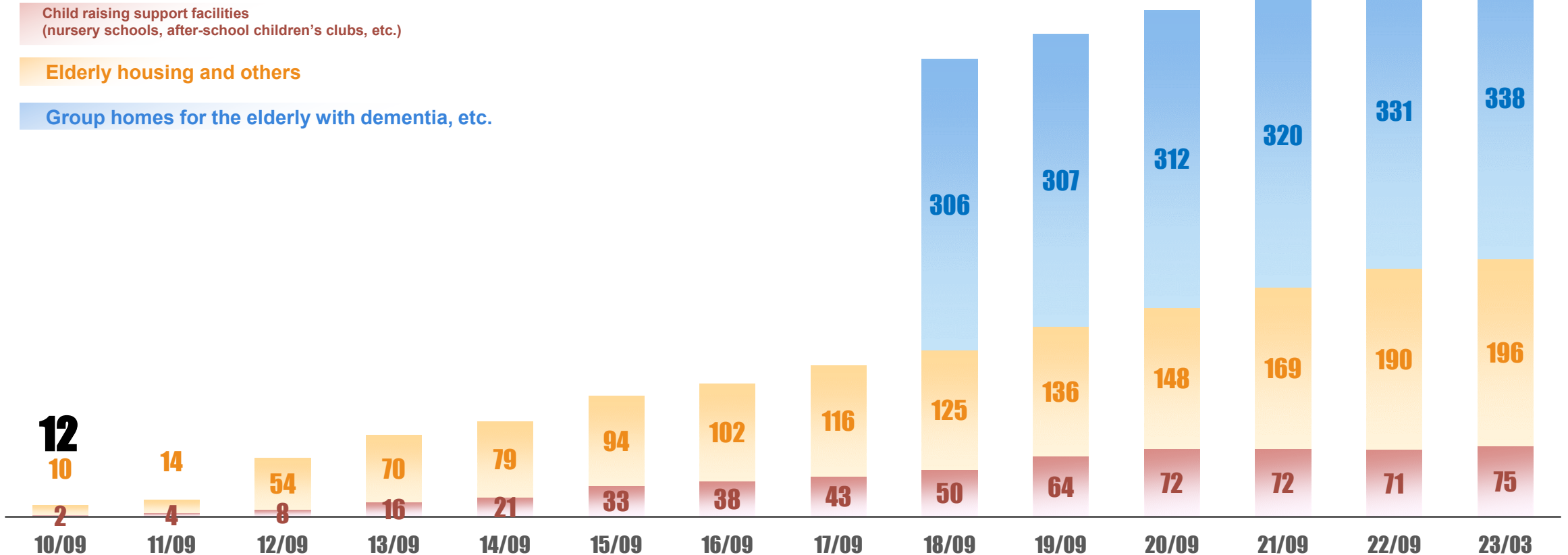
	FY2022	FY2023				
	Full-year openings Results	1Q Results	2Q Results	1H Results	Full-year Forecast	Progress
Elderly housing	21 facilities (22 buildings)	4	2	6	16-22	37.5%
Group homes for the elderly with dementia	11	3 including 1 M&A	4 including 1 M&A, 1 overseas	7 including 2 M&A, 1 overseas	12-15	58.3%
Child raising support facilities	3	4	0	4	4	100%
Total	35	11	6	17	32-41	53.1%

*Numbers for child raising support facilities are the totals for nursery schools, after-school children's clubs, child development support facilities, and child-raising stations.

*Facilities that closed during the period have not been deducted from the stated figures.

No. of Facilities

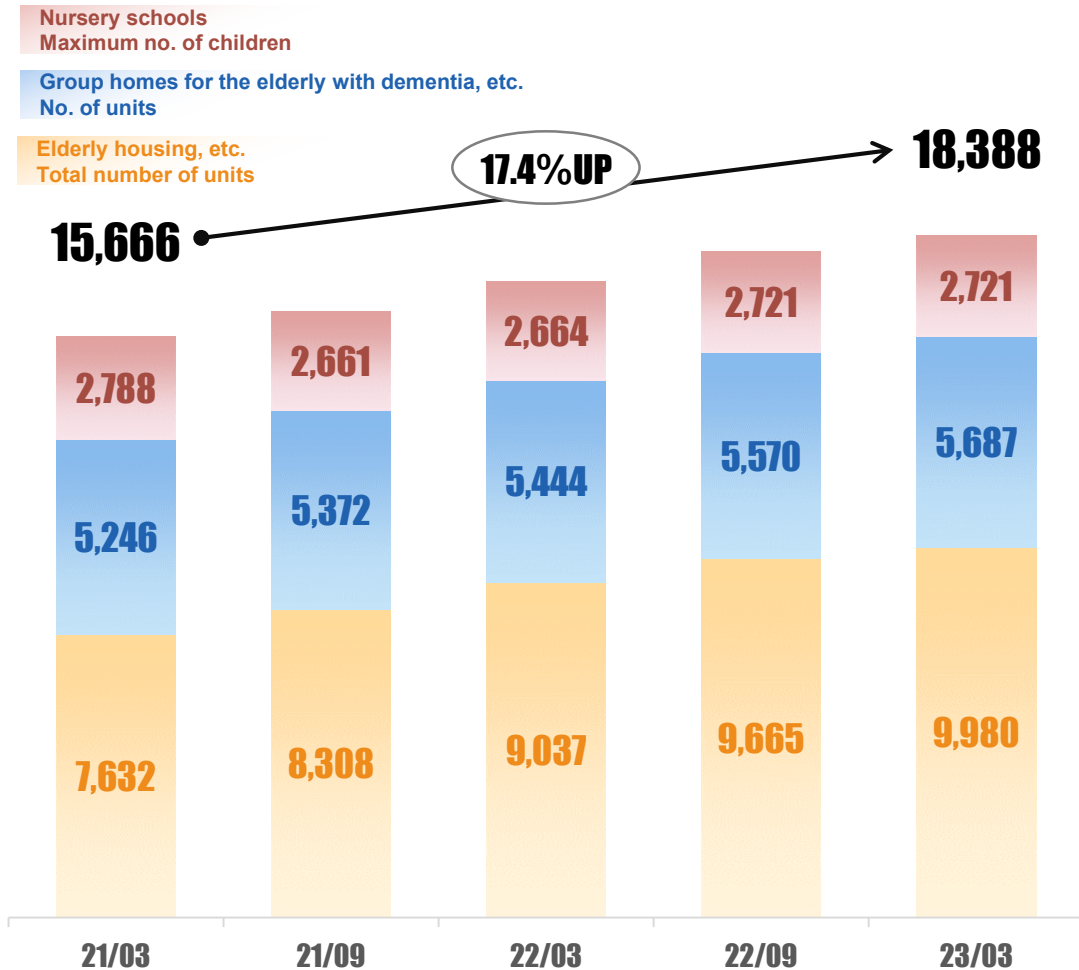
New facility openings are progressing well in all three businesses.
 Increase in child raising support facilities due mainly to winning contracts
 to operate after-school children's clubs



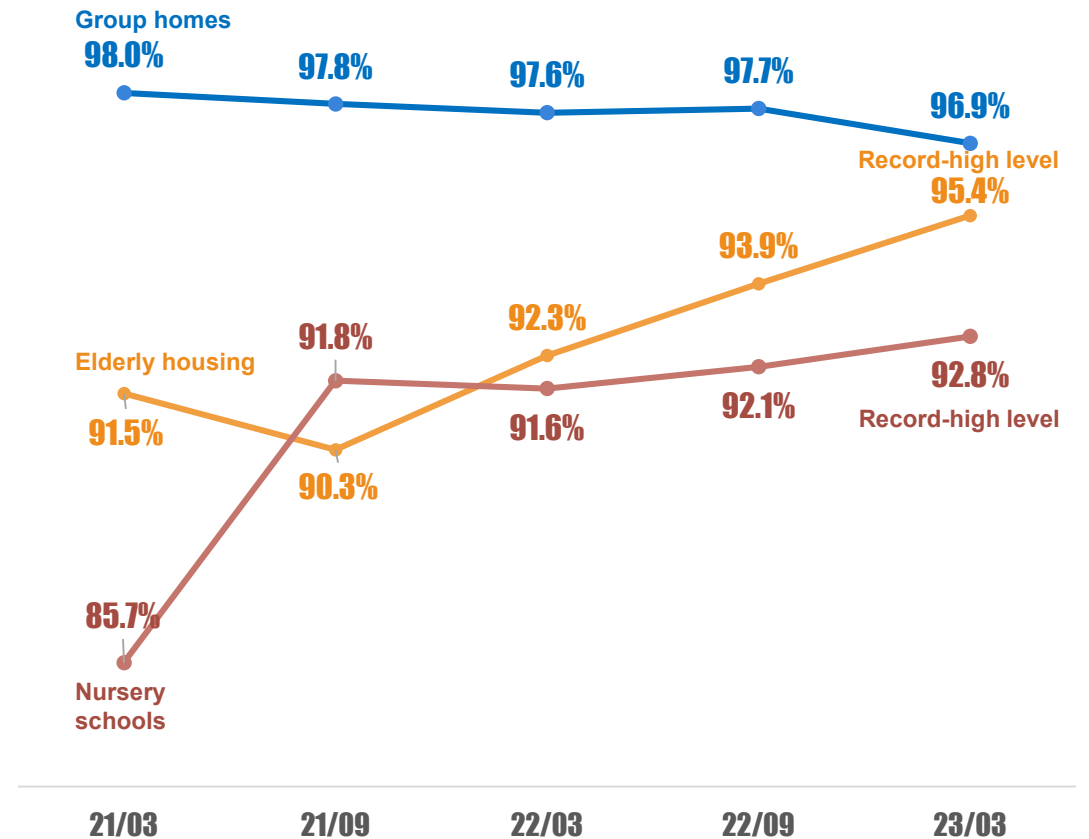
*Numbers are net numbers: the number of new openings minus the number of closures.

Capacity Expansion and Improvement in Status of Operations

Trend in total number of units and maximum number of children



Trend in occupancy rate and utilization rate



Overview of 1H Financial Results / Outlook for 2H

- In 1H, slowdown in publishing and rising costs had impact on decline in profit across entire Group
- In 2H, we will speed up initiatives to turn around publishing and contents business
- At the same time, in addition to increasing profits in the Healthcare and nursing domain, we will implement company-wide cost-cutting measures
- Currently no change in full-year forecasts
- Interim dividend of 12.5 yen will be conducted as planned

[2H measures for Educational domain]

- Classroom and learning center** ...Expand classes for toddlers and online courses, increase member/student numbers and strengthen upselling
- Publishing and content** ...Accelerate new publications in recurrent education area
Improve rates of products returned unsold with proper levels of products sent
- Kindergarten and school** ...Strengthen sales frameworks and increase sales of products peripheral to monthly picture books
- Global and digital** ...Strengthen human resources and continue with growth investments
Hasten to improve earning power through cooperation with alliance partners

[2H measures for Healthcare and nursing domain]

- Elderly housing** ...Maintain record-high occupancy rates
Absorb cost rises to certain extent by passing on to customers
- GHs for the elderly with dementia**...Plan to accelerate new facility openings through M&As
Promote price revisions and strengthen cost controls
- Child raising support business** ...Improve utilization rates

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 sales and profit fell short of targets due in part to the Omicron outbreak and soaring utility costs, but revenue and profit continue to increase

Operating profit plan for FY2023 (final year) was revised downward from 7.5 billion yen to 6.7 billion yen (as of Sept. 30, 2022)

Consolidated	FY 2021		FY 2022		FY 2023		FY 2023 1H	
	Plan	Results	Plan	Results	Initial Plan	Outlook	Results	Progress rate
Net Sales	146.0	150.3	157.0	156.0	165.0	162.0	81.17	50.1%
Operating profit	5.60	6.24	6.70	6.43	7.50	6.70	3.22	48.1%
Operating Profit margin	3.8 %	4.2 %	4.2 %	4.1 %	4.5	4.1 %	4.0%	—
Ordinary profit	5.70	6.13	6.80	6.93	—	7.00	3.27	46.7%
Profit	2.80	2.62	3.40	3.44	3.80	3.60	1.24	34.4%
ROE*1	6.5 %	6.3 %	7.1 %	7.2%	8.0	7.2%	—	—

* Numbers are rounded to the nearest decimal place . *1 No quarterly or half-yearly figures are calculated as these are full-year indicators.

Educational Domain Performance Trends / Outlook for FY 2023

(Billion yen)

Falling birth rate and impact of COVID-19 meant net sales remained flat,
but plan to secure increase in profit by reviewing businesses and cutting costs

Due to the nature of this business being linked to the school calendar, revenue tends to be concentrated in 1H in most years

		FY 2021	FY 2022	FY 2023 Outlook	FY 2023 1H Results	Progress rate ^{*1}
Net sales		78.92	78.17	79.81	40.19	50.4%
Business	Classroom and learning center	31.49	31.44	31.60	15.36	48.6%
	Publishing and content	31.53	32.37	33.36	16.82	50.4%
	Kindergarten and school	15.90	14.36	14.85	8.01	53.9%
Operating Profit		4.14	4.43	4.98	2.56	51.3%
Business	Classroom and learning center	0.93	1.27	1.41	0.39	27.7%
	Publishing and content	2.79	3.17	3.26	1.81	55.5%
	Kindergarten and school	0.75	0.30	0.46	0.44	95.7%
	Goodwill	-0.33	-0.31	-0.15	-0.08	54.0%

*Numbers are rounded to the nearest decimal place. Numbers may not add to the totals due to rounding. *1 Progress rate is calculated on a unit of 1 million yen.

Educational Domain

Progress with Measures and Initiatives Under Gakken 2023

Despite challenges to create new approaches to learning and a diverse range of learning opportunities, next-generation foundation products and services have not yet been established

Good: Sufficient progress
 Fair : Initiatives making progress, but effects insufficient
 Poor : Not started / Little effect

Business	Main priority measures and expected benefits	Progress	Assessment
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>Despite some new services launch, insufficient contribution to profits</p> <ul style="list-style-type: none"> -In classroom business, Kotoba Park and other online services are expanding -In learning center business, engaged in upselling through combination of in-person and online services -Accelerated roll-out of virtual smart campuses (ViSC) 	Fair
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>Strong performances by e-learning for nurses and “Arukikata” , but development of new services is falling behind</p> <ul style="list-style-type: none"> -Number of hospitals with contracts for e-learning for nurses up 35% (619 contracts) in two and a half years -Expansion of books for working adults, centered on “Arukikata” -Strengthened editing structure for reskilling-related books 	Fair
Kindergarten and school	<p>[Priority measure] Contribute to improving the quality of toddler education by connecting kindergarten and households</p> <p>[Expected benefits] Offer consistent learning experience that better fits various lifestyles and behaviors</p>	<p>Even with digitalization efforts, limited contribution to revenue</p> <ul style="list-style-type: none"> -Increase in number of kindergartens and nursery schools introducing “hugmo” ICT system for nursery schools -Sales of goods to nursery schools and kindergartens struggling for the most part 	Poor
Digital	<p>[Priority measure] Secure of digital human resources / Integrate of IT department / Expand products / link services by Gakken ID</p> <p>[Expected benefits] Services and products that fit to the individual customer’s life stage</p>	<p>Securing of digital human resources and establishment of frameworks progressing well</p> <ul style="list-style-type: none"> -Established Gakken LEAP. Centralization of planning, development, and implementation of digital offerings -Strengthening of LEAP’s recruitment of digital human -Launched “Shikaku Pass” targeting working adults 	Fair
Global	<p>[Priority measure] Secure of global human resources / Identify strategic domains, regions, unprofitable bases</p> <p>[Expected benefits] Expand to new oversea market</p>	<p>Built and invested in frameworks for global business</p> <ul style="list-style-type: none"> -Strengthened recruitment of human resources -Identified strategic focus domains (toddlers, STEAM) and regions (Vietnam, China, Middle East) and accelerated roll-out of locations and partnership tie-ups -Completed withdrawal from unprofitable locations 	Fair

Healthcare and Nursing Domain Performance Trends / Outlook for FY 2023

(Billion yen)

Achieved high occupancy rates even amid impact of COVID-19 and soaring utilities costs
In the immediate term, while construction costs remain consistently high,
we are proceeding with steady development of facilities and anticipate increases in revenue and profit

		FY 2021	FY 2022	FY 2023 Outlook	FY 2023 1H Results	Progress rate ^{*1}
Net sales		65.79	72.24	75.85	38.08	50.2%
Business	Elderly housing	27.43	32.37	35.23	17.42	49.4%
	Group homes for the elderly with dementia	33.15	34.10	34.63	17.59	50.8%
	Child raising support	5.21	5.76	6.00	3.07	51.1%
Operating Profit		3.04	3.15	3.51	1.38	39.3%
Business	Elderly housing	1.28	1.42	1.76	0.46	26.0%
	Group homes for the elderly with dementia	2.20	2.07	2.09	1.09	52.1%
	Child raising support	0.03	0.12	0.12	0.06	52.5%
	Goodwill	-0.46	-0.46	-0.46	-0.23	50.2%

*Numbers are rounded to the nearest decimal place. Numbers may not add to the totals due to rounding. ^{*1} Progress rate is calculated on a unit of 1 million yen.

Healthcare and Nursing Domain

Progress with Measures and Initiatives Under Gakken 2023

Seeking to be a top company, contributing to the development of sustainable towns, we are promoting the improvement of human resources and quality

Good: Sufficient progress
 Fair : Initiatives making progress, but effects insufficient
 Poor : Not started / Little effect

Theme	Main priority measures	Progress	Assessment
Talent	Improve retention and reduce early separations	Elderly housing: turnover rate of 12.5% (full-year target: 15.0%) GHs for elderly with dementia: turnover rate of 11.0% (full-year target: 21.0%)	Fair
	Enhance recruitment and conduct training operations in broader areas	Strengthened and established recruitment channels that do not depend on recruiting business operators, e.g. training academies for certified care workers and nursery school teachers	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	Opened first facility in new Child Raising Station business format Strong performance in winning contracts to operate after-school children's clubs	Good
	Promote elderly care that supports self-care	Worked to introduce elderly care focused on self-care at GHs for elderly with dementia, and introduced at 100% of facilities	Good
	Nursing and elderly care without hospitalization	Aiming for 2.0% hospitalization rate, but still at 3.2%	Fair
Development	Enhance sales prowess, accelerate the pace of facility openings*	In 1H, opened 6 elderly housing facilities (full-year target: 16-22), 6 GHs for elderly with dementia (full-year target: 12-15), 4 child raising support facilities (full-year target: 4) in Japan	Good
	Enhance building management	Rolling out property management nationwide, making steady progress	Good
	Enhance community development, expand to overseas	Opened one overseas location in 1H Opened one complex site in FY2021, followed by three in FY2022	Good

*New facilities opened in Japan only

Toward the Next Medium-Term Management Plan Gakken 2026

Progress of Gakken 2023

- While we worked to establish a solid foundation for growth amid the turbulent changes in the environment resulting from the COVID-19 pandemic, at the end of FY2022, we revised the final-year forecasts downward.
- On the business front, our most important challenges are to turn around the Educational domain and improve its earning power.
- Shareholder and investor engagement is also an issue for medium- to long-term sustainable growth

Next Medium-Term Management Plan Gakken 2026

- We are carefully investigating the changes in the business environment and developing plans for the 80th anniversary of the Company's foundation, with our younger employees, who are the leaders of the next generation, playing a central role
- The plans will be announced around November 2023

Supplementary Materials

1H Trends of Net Sales

(Billion yen)

Compared with
FY2022

+1.9 %



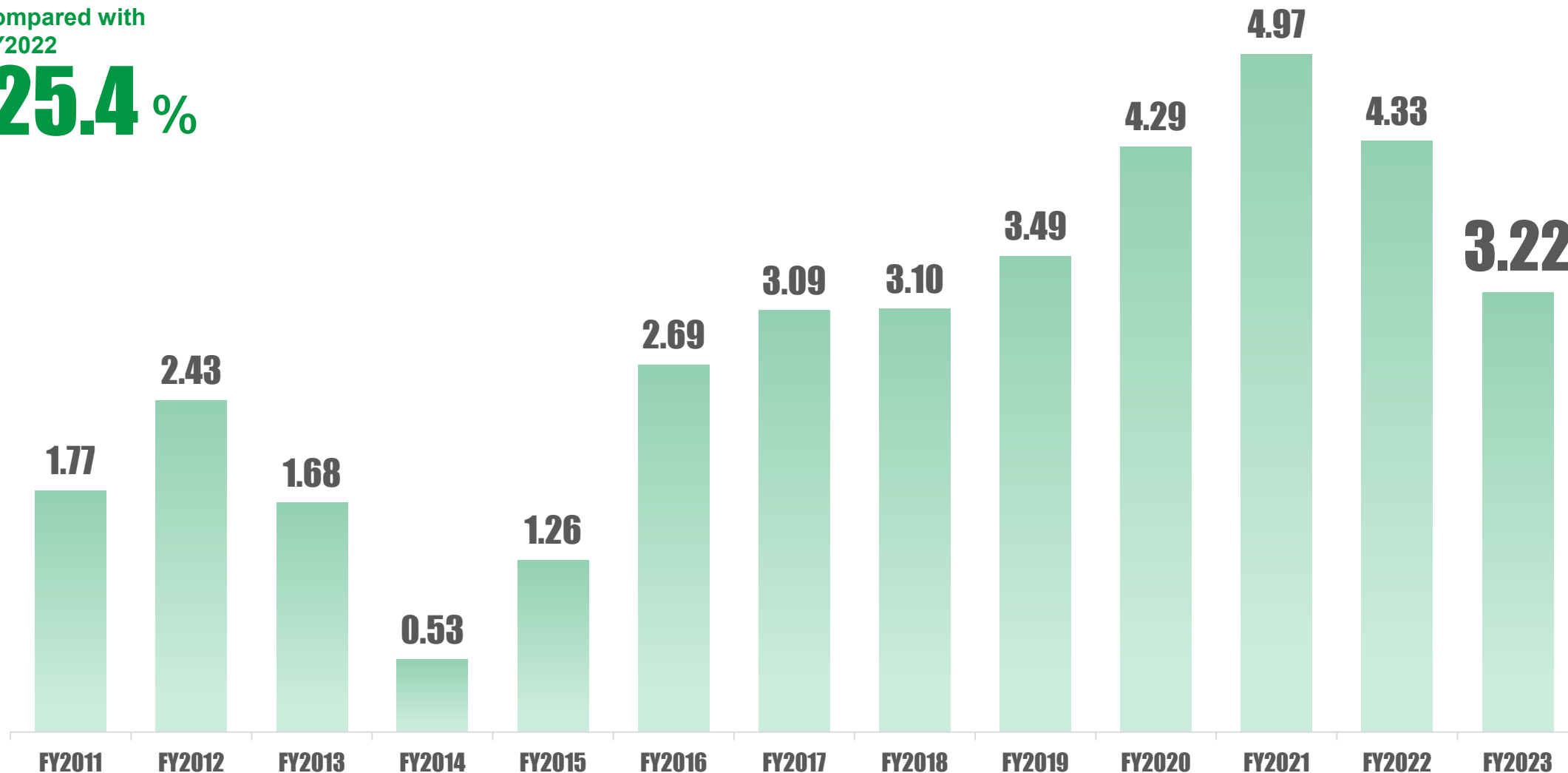
*Numbers are rounded to the nearest decimal place.

1H Trends of Operating Profit

(Billion yen)

Compared with
FY2022

-25.4%



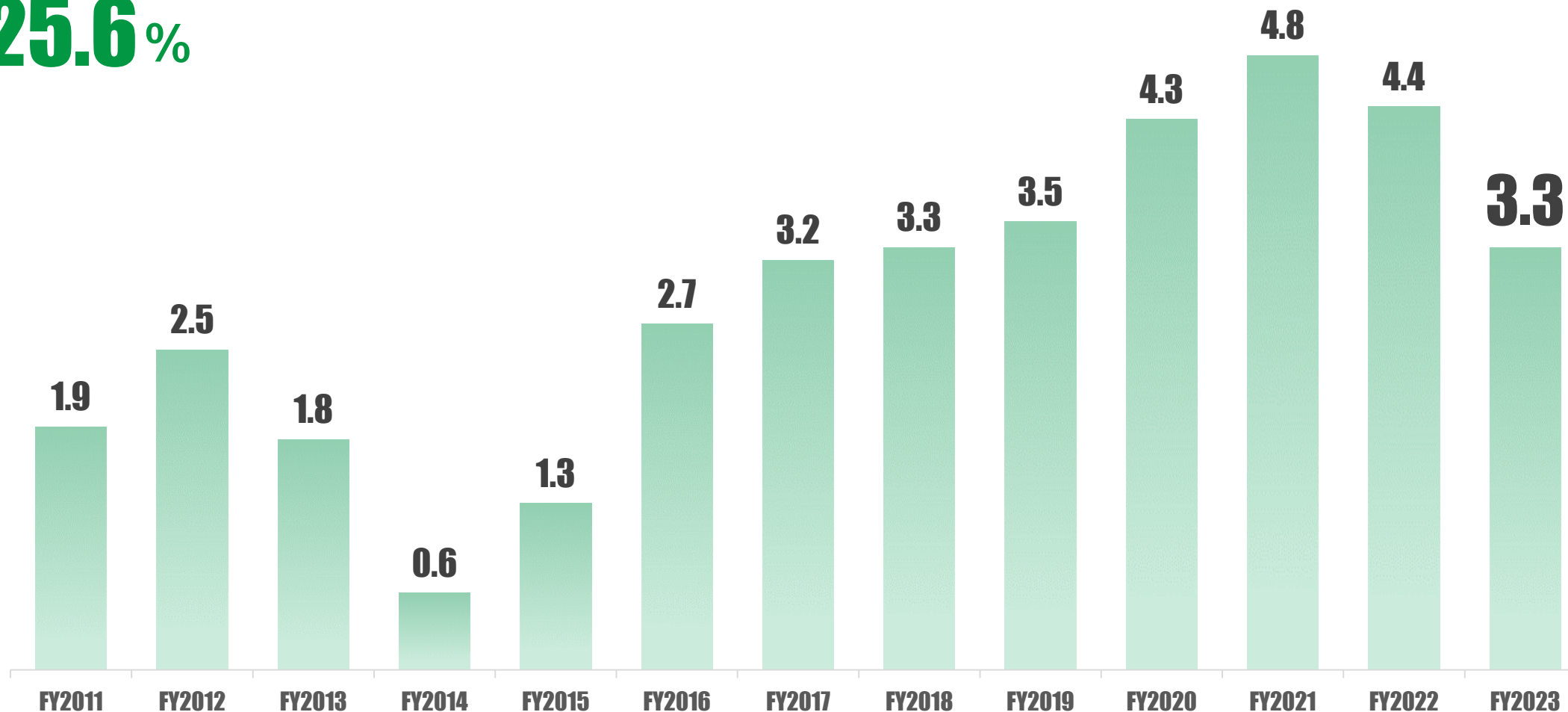
*Numbers are rounded to the nearest decimal place.

1H Trends of Ordinary Profit

(Billion yen)

Compared with
FY2022

-25.6%



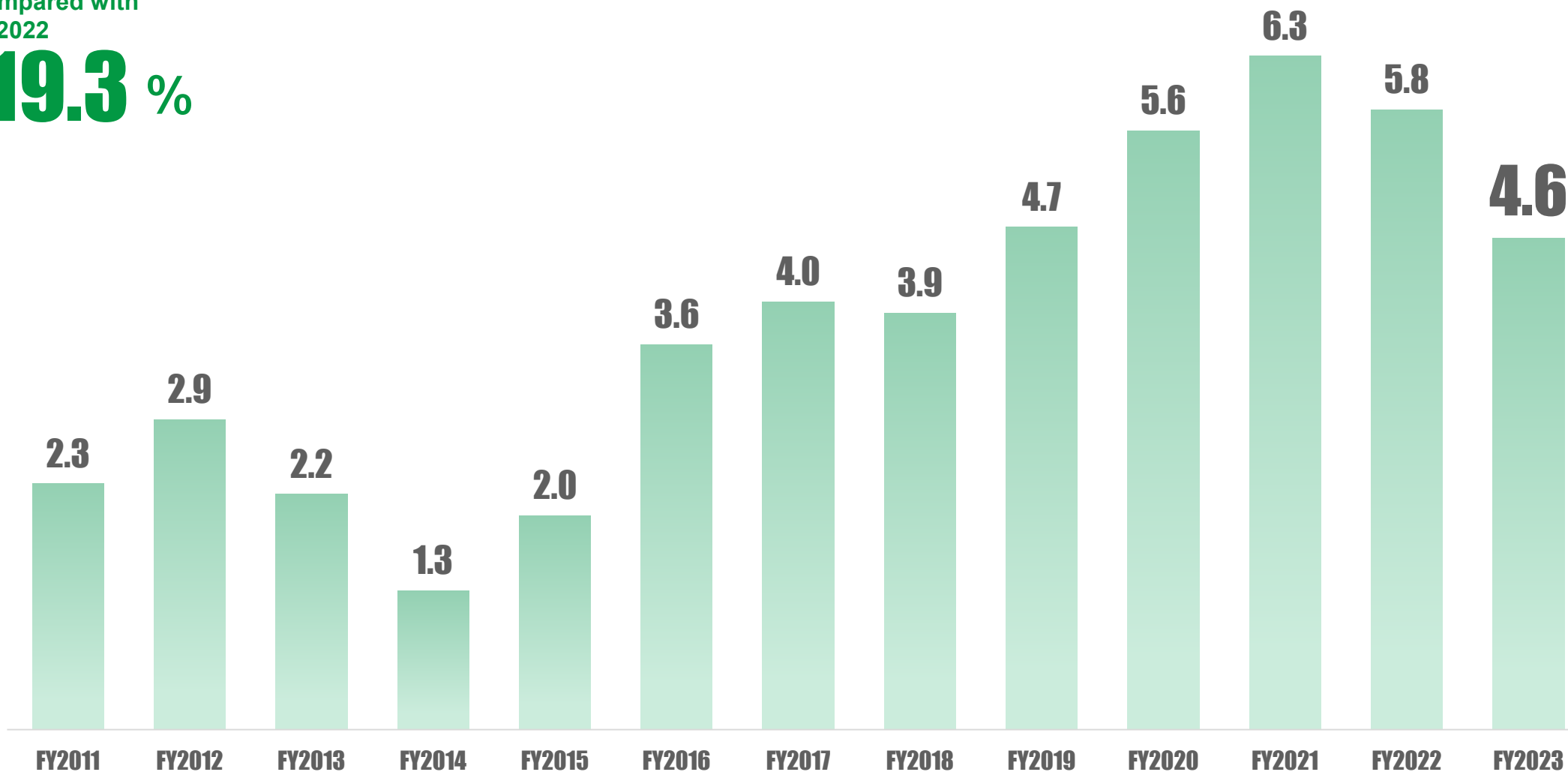
*Numbers are rounded to the nearest decimal place.

1H Trends of EBITDA*

(Billion yen)

Compared with
FY2022

-19.3 %



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

*Numbers are rounded to the nearest decimal place.

Plan 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		FY2022 Result		FY2023 Plan		Change (YoY)	
	Business	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. *Numbers are rounded to the nearest decimal place.

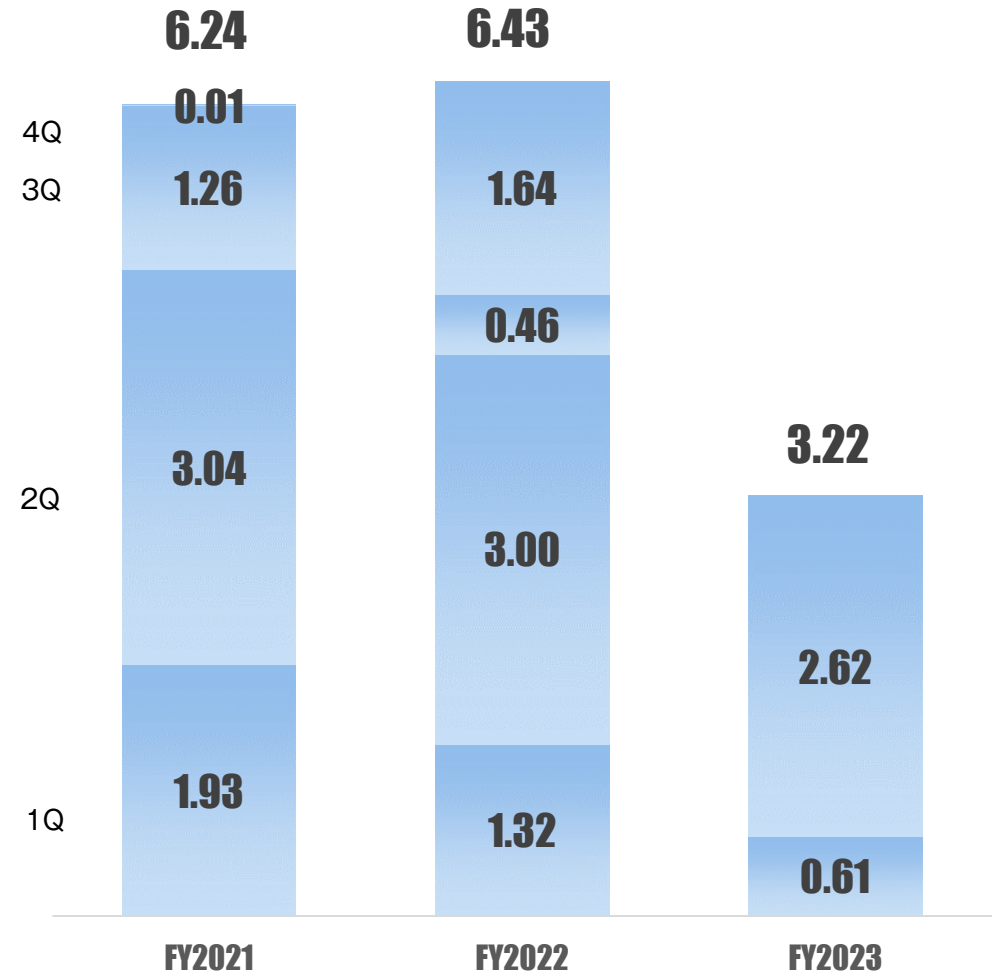
Quarterly Performance Trends

(Billion yen)

Net sales



Operating Profit



*Numbers are rounded to the nearest decimal place.

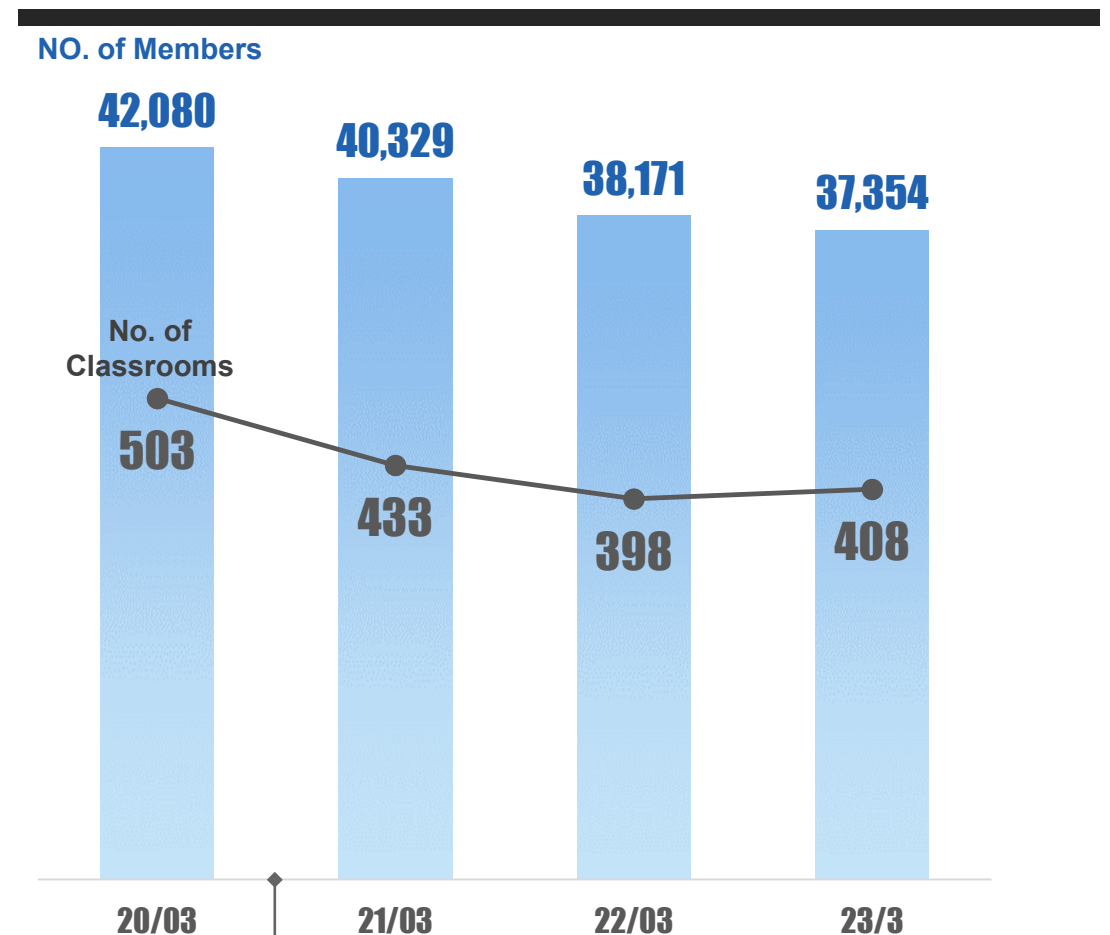
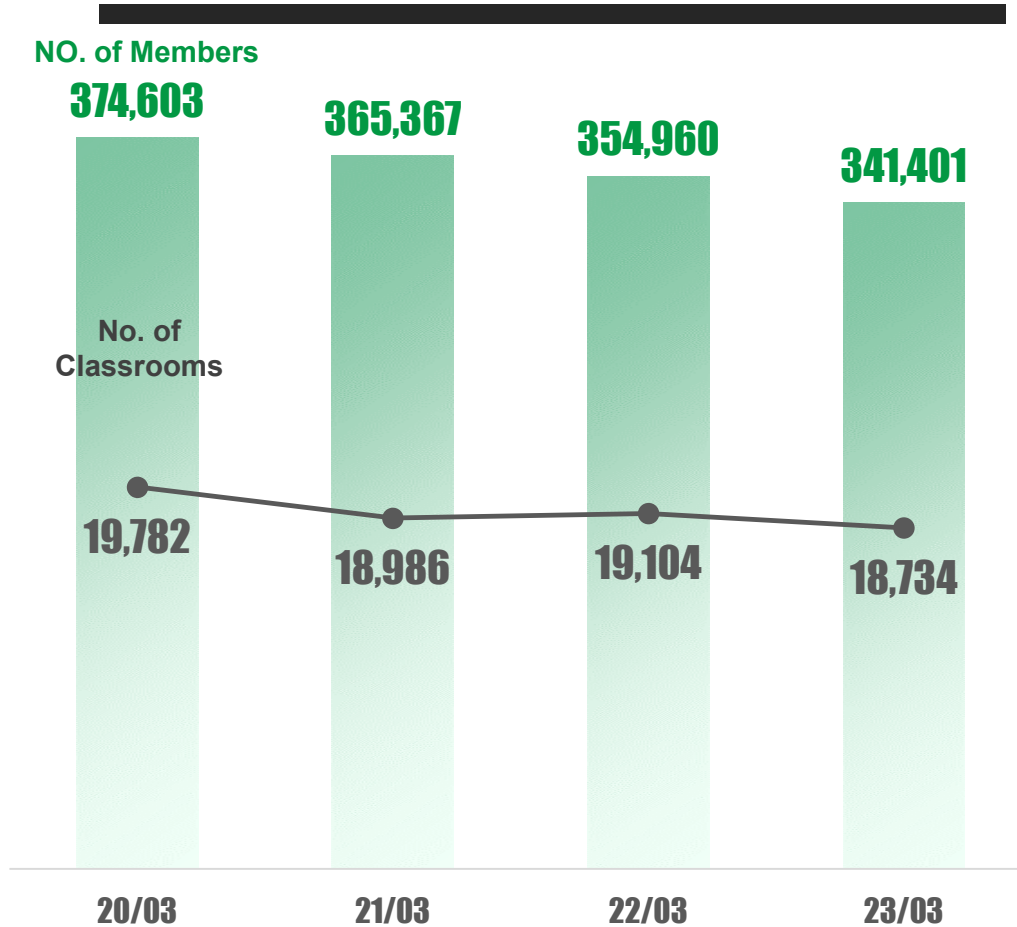
Classrooms and Learning centers

No. of Members and No. of Classrooms

The slight downward trend in member and student numbers continues in both classrooms and learning centers
 While the opening of new franchise classrooms for Gakken Classroom struggled, classes for toddlers increased
 There was a slight increase in learning centers, with new online classrooms opening

Classrooms

Learning Centers

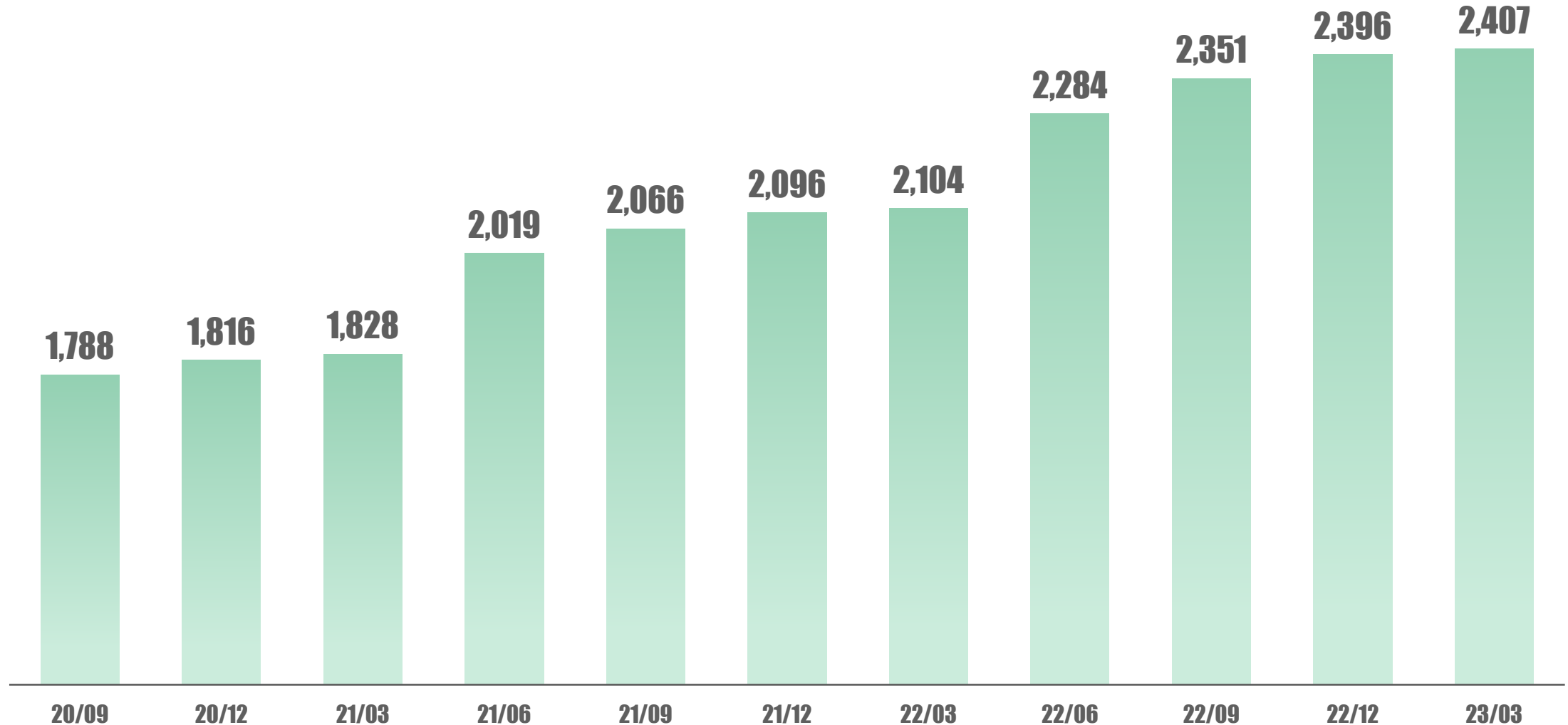


*Numbers of members and classrooms are totals of those for Gakken Classrooms and toddler classes. Following the acquisition of businesses, those numbers include those for Shogakukan Academy and Mebae Classrooms after September 2020 and July 2021, respectively.

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

No. of Hospitals using E-learning Programs for Nurses

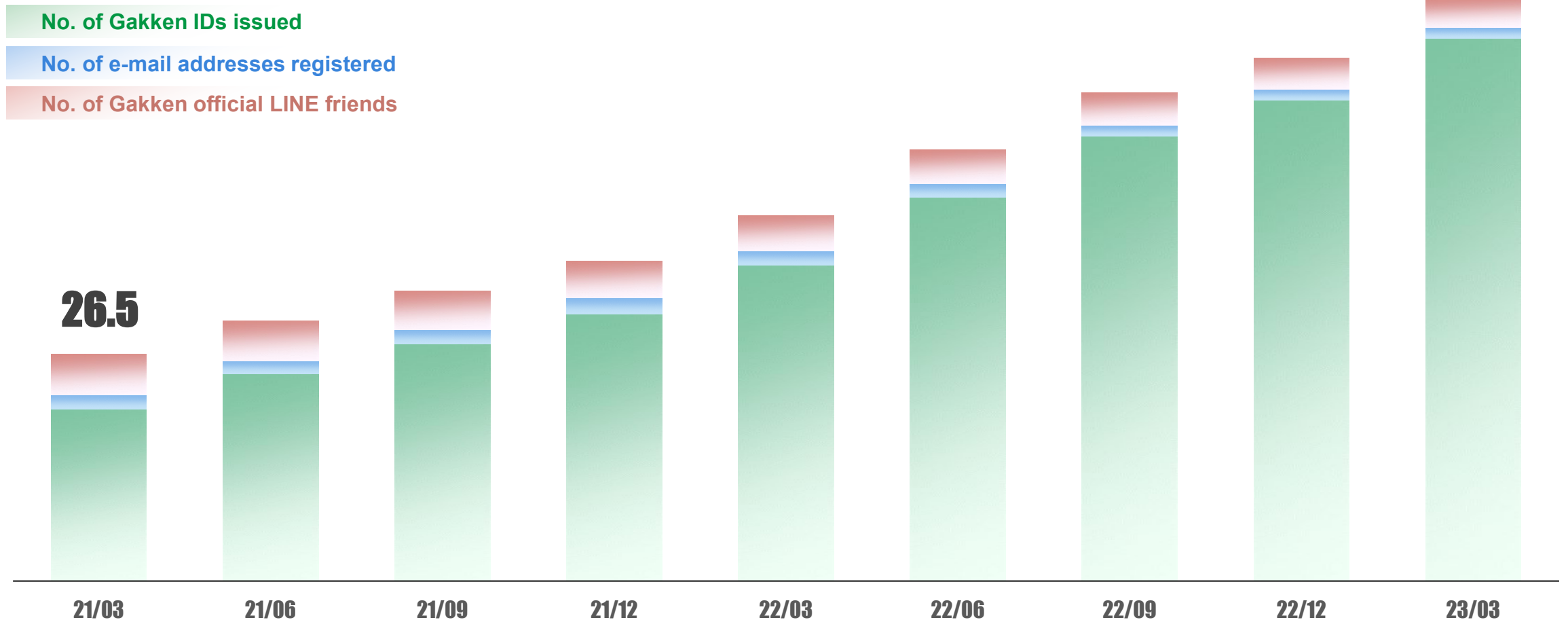
The number of contracting hospitals increased by 303 year on year
It is a characteristic of this business that there is a large increase in 3Q
as many hospitals start using these programs at the start of the new academic year in April



DX Strategy: Group Direct Touchpoints

The number of IDs obtained for individual services is approaching 700,000
We will promote collaboration between services to improve customers' LTV

(in 10,000)



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 on which textbook to use

◎ Start of use: Delivery to each school and students

	2019	2020	2021	2022	2023	2024	2025	2026
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.”

Healthcare and Nursing Occupancy Rate and Utilization Rate

		20/03	20/09	21/03	21/09	22/03	22/09	23/03
Elderly housing	Total no. of units	6,898	7,182	7,717	8,308	9,037	9,665	9,980
	No. of occupied units	6,289	6,600	6,985	7,505	8,345	9,073	9,519
	Occupancy rate	91.2%	91.9%	90.5%	90.3%	92.3%	93.9%	95.4%
Group homes for the elderly with dementia *1	No. of units *2	5,210	5,246	5,300	5,372	5,444	5,570	5,687
	Occupancy rate	97.9%	98.1%	97.6%	97.8%	97.6%	97.7%	96.9%
Child raising support facilities	Maximum no. ³ of children	2,497	2,788	2,788	2,661	2,664	2,721	2,721
	No. of children enrolled	2,107	2,381	2,389	2,443	2,441	2,505	2,524
	Utilization rate	84.4%	85.4%	85.7%	91.8%	91.6%	92.1%	92.8%

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

*2 No. of units in group homes for the elderly with dementia does not include those in overseas facilities and facilities in other categories.

*3 Maximum no. of children in child raising support facilities is for nursery schools only.

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.