

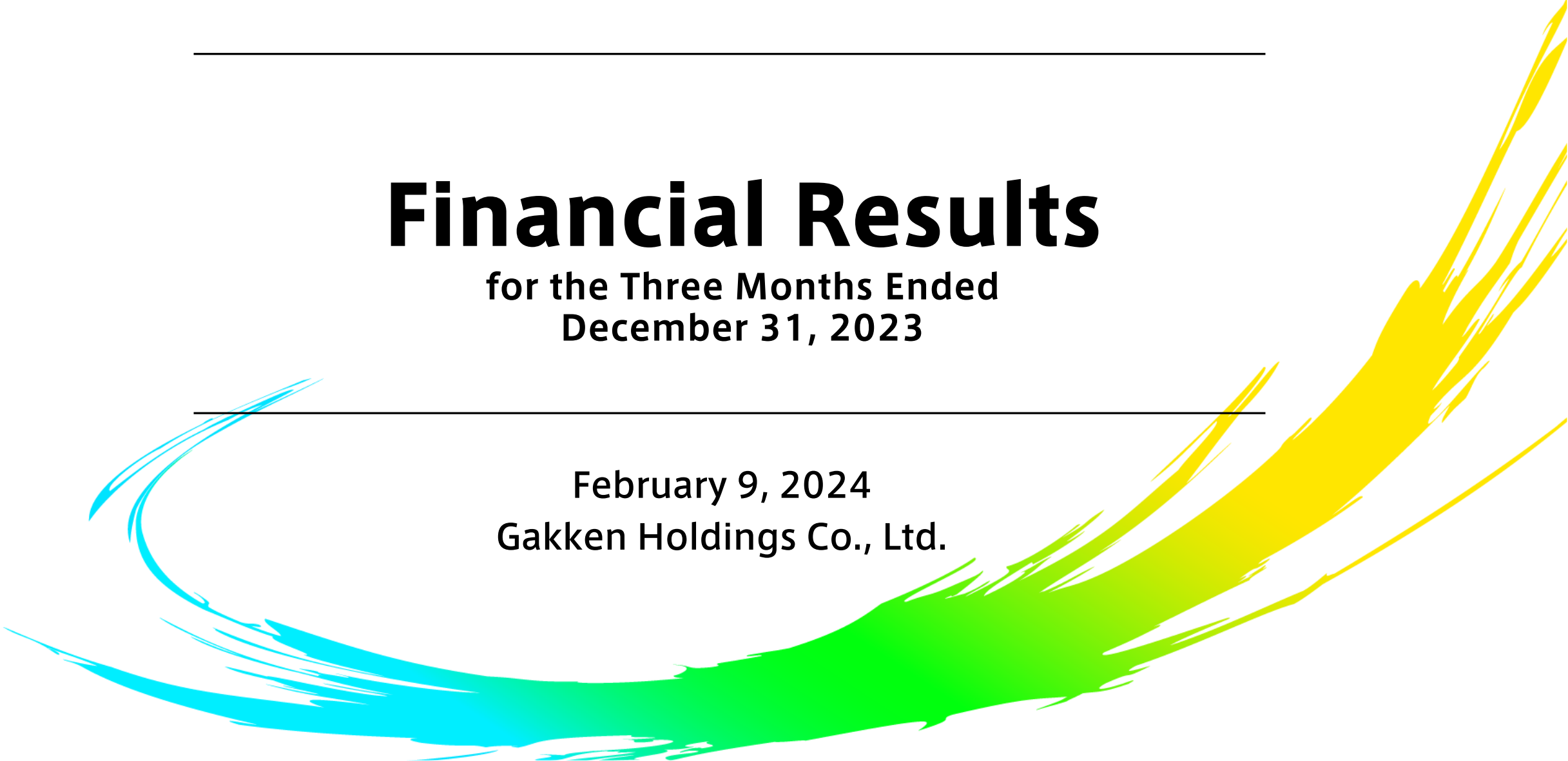
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# **Financial Results**

**for the Three Months Ended  
December 31, 2023**

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**February 9, 2024  
Gakken Holdings Co., Ltd.**



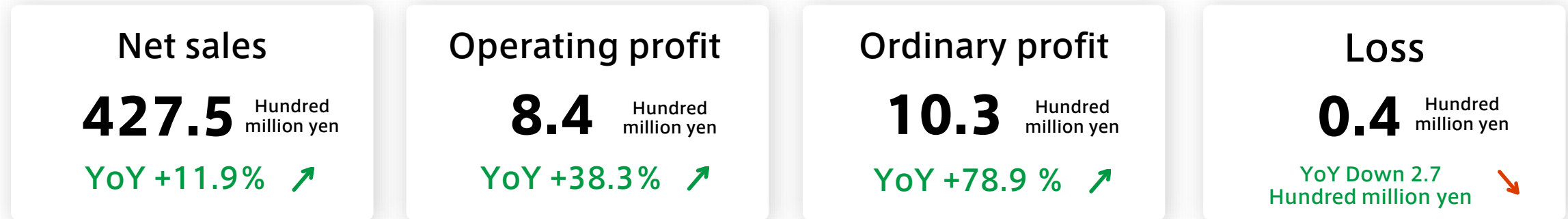
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# Executive Summary of Consolidated Financial Results for the Three Months Ended December 31, 2023

\* Numbers are rounded to the nearest unit.



-Net sales : Up 11.9% year on year due to growth in the healthcare and nursing domain and consolidation of Ichishin Holdings Co., Ltd.

-Operating profit: -The classroom business and the kindergarten and school business were sluggish, but the publishing business started to show signs of recovery  
-Up 38.3% year on year due to contributions by the healthcare and nursing domain and the workforce development and language learning business, both of which performed well

-Ordinary profit : Up 78.9% year on year due to an increase in operating profit and inclusion of the profits of an equity method affiliate

-Loss : Incurred a net loss due to loss on sale of investment securities (1.07 hundred million yen) associated with the transfer of shares of JP-HOLDINGS, INC.

# Overview of Financial Results

for the Three Months Ended December, 31, 2023



# Summary of Consolidated Financial Results for the Three Months Ended December 31, 2023

\*Numbers are rounded to the nearest unit.

## Net sales

**427.5**  
Hundred million yen

YoY  
**+11.9%** ↑

Increased due to strong performance of the healthcare and nursing domain and consolidation of Ichishin Holdings Co., Ltd.

## Operating profit

**8.4**  
Hundred million yen

YoY  
**+38.3%** ↑

Contribution by the healthcare and nursing domain and the workforce development and language learning business

## Ordinary profit

**10.3**  
Hundred million yen

YoY  
**+78.9%** ↑

Increased due to an increase in operating profit and inclusion of the profits of an equity method affiliate

## EBITDA\*

**17.7**  
Hundred million yen

YoY  
**+33.0%** ↑

Increased due to an increase in operating profit

## Loss\*

**0.4**  
Hundred million yen

YoY  
**-2.7** ↓  
Hundred million yen

Primarily due to loss on sale of investment securities associated with the transfer of shares of JP-HOLDINGS, INC.

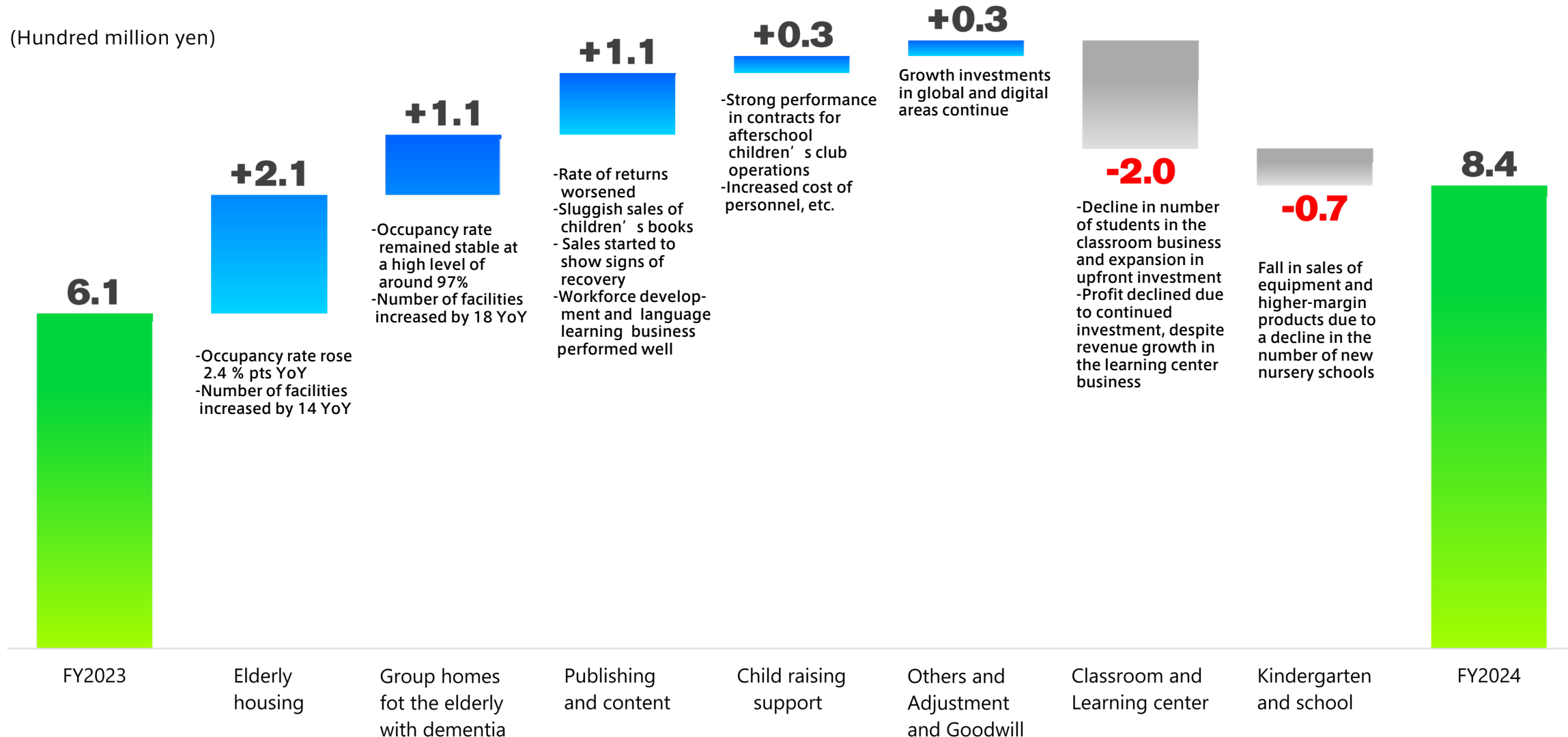
\* Loss attributable to owners of parent

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

# Factors Behind Changes in Operating Profit

Three businesses in the healthcare and nursing domain contributed to higher profits. Although the classroom business and products sales to nursery schools and kindergartens in the education domain were subdued, the publishing business started to show signs of recovery

(Hundred million yen)



\*Numbers are rounded to the nearest unit.

# Summary of Results by Segment for the Three Months Ended December 31, 2023

(Hundred million yen)

Segment	Business	FY2023 1Q		FY2024 1Q		Change (YoY)	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Education		<b>177.2</b>	<b>3.0</b>	<b>206.7</b>	<b>0.9</b>	<b>+29.5</b>	<b>-2.2</b>
	Classroom and learning center	81.5	1.8	121.1	-0.2	+39.6	-2.0
	Publishing and content	63.9	2.3	57.5	3.5	-6.4	+1.1
	Kindergarten and school	31.7	-0.7	28.1	-1.3	-3.7	-0.7
	Goodwill	—	-0.4	—	-1.1	—	-0.6
Healthcare and Nursing		<b>190.0</b>	<b>6.4</b>	<b>204.6</b>	<b>9.9</b>	<b>+14.5</b>	<b>+3.5</b>
	Elderly housing	86.9	1.8	95.9	3.9	+9.0	+2.1
	Group homes for the elderly with dementia	88.4	5.5	92.4	6.6	+4.0	+1.1
	Child raising support	14.8	0.3	16.2	0.6	+1.5	+0.3
	Goodwill	—	-1.2	—	-1.2	—	-0.0
Other		<b>14.8</b>	<b>1.5</b>	<b>16.2</b>	<b>1.4</b>	<b>+1.4</b>	<b>-0.1</b>
Adjustments		—	-4.9	—	-3.9	—	+1.0
<b>Group total</b>		<b>382.1</b>	<b>6.1</b>	<b>427.5</b>	<b>8.4</b>	<b>+45.4</b>	<b>+2.3</b>

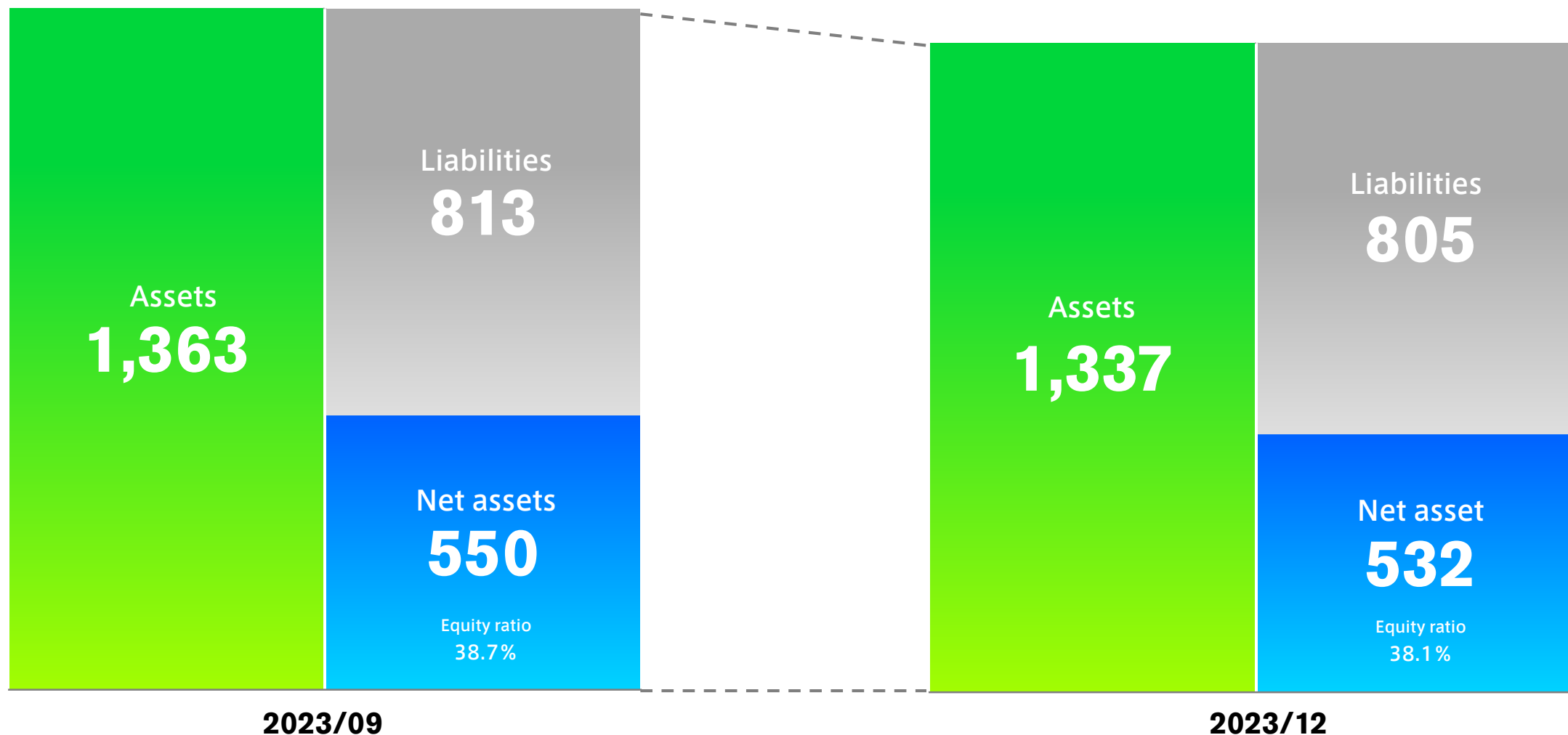
\*Numbers are rounded to the nearest unit.

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

# Consolidated Financial Position

As the equity ratio remained at a high level

(Hundred million yen)



\*Numbers are rounded to the nearest unit.



# Education Domain Financial Results

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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' Subsegments and Business Profile

Old: FY2023 or earlier			New: FY2024 or later		
Segment	Subsegment	Main business	Segment	Subsegment	Main business
Classroom and learning center	Classroom	-Preschooler classes and Gakken Classroom -Operation of digital services for classrooms	Classroom and learning center	Classroom	-Preschooler classes and Gakken Classroom -Operation of digital services for classrooms
	Learning center	-Operation of learning centers -Operation of ViSC (Virtual Smart Campus)		Learning center	-Operation of learning centers -Operation of ViSC (Virtual Smart Campus) -Elderly care services* by Ichishin Holdings Co., Ltd. <b>-Publishing for learning centers</b>
Publishing and content	Publishing	-General publishing (children's books, study-aid books, how-to guides, guide books, etc.) <b>-Publishing for learning centers</b>	Publishing and content	Publishing	-General publishing (children's books, study-aid books, how-to guides, guide books, etc.) <b>-Publishing of specialized books (medical and nursing books)</b>
	Other than publishing	-Operation of experience-based English learning facilities -Online English conversation -Educational toys by Gakken Sta:Ful Co., Ltd.*		Workforce development and language learning	-E-learning for nurses -Operation of experience-based English learning facilities -Online English conversation <b>-Corporate training</b>
	Medical and nursing	<b>-Publishing of specialized books (medical and nursing books)</b> <b>-E-learning for nurses</b>		Preschooler	-Selling of goods to nursery schools and kindergarten
Kindergarten and school	Preschooler	-Selling of goods to nursery schools and kindergarten	Kindergarten and school	Preschooler	-Selling of goods to nursery schools and kindergarten
	School	-Textbooks for elementary and junior high schools -Short essay tutoring for senior high schools -Various other services for schools		School	-Textbooks for elementary and junior high schools -Short essay tutoring for senior high schools -Various other services for schools
	Working adult	<b>-Corporate training</b>			

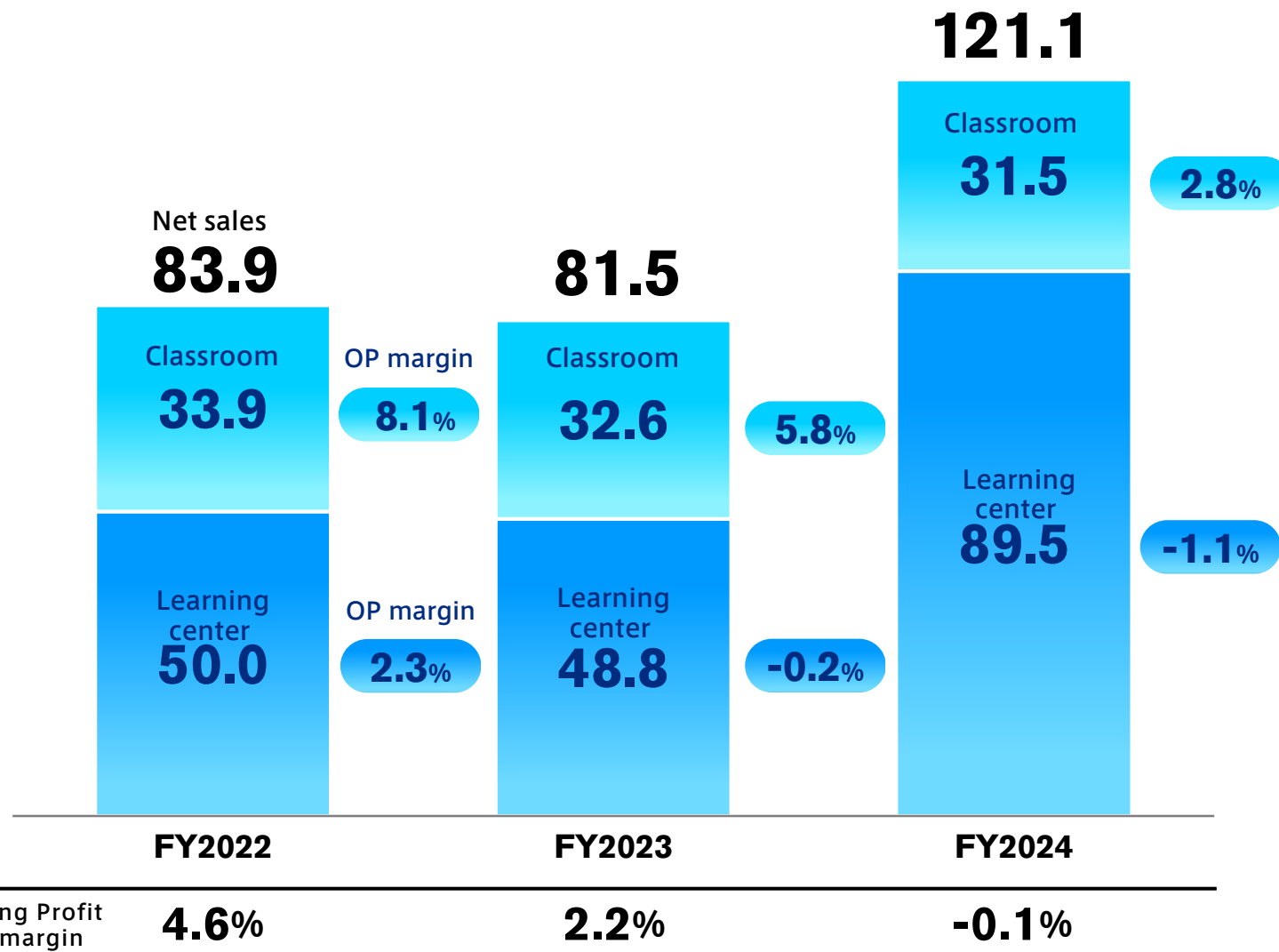
\*Became an equity method affiliate from 4Q of FY2023.

\*Transferred from the category "group homes for the elderly with dementia" in the healthcare and nursing domain.

# Classroom and Learning Center\*

## Summary for the Three Months Ended December 31, 2023

(Hundred million yen)



### Positives

- Revenue growth due to consolidation of Ichishin Holdings Co., Ltd.
- Steady growth in memberships for Kotoba Park, the online Japanese language instruction service
- A year-on-year increase of about 10% in the number of external students who took a winter course

### Negatives

- Education expenses in households declined for two years in a row due to the impact of rising commodity prices. 2023 saw a year-on-year decrease of 9.8% in real terms\*
- A downward trend in the membership of Gakken Classroom and preschooler classes

\*The learning center business incorporates Ichishin Holdings' financial results for the third quarter (September to November) of the fiscal year ending February 29, 2024.

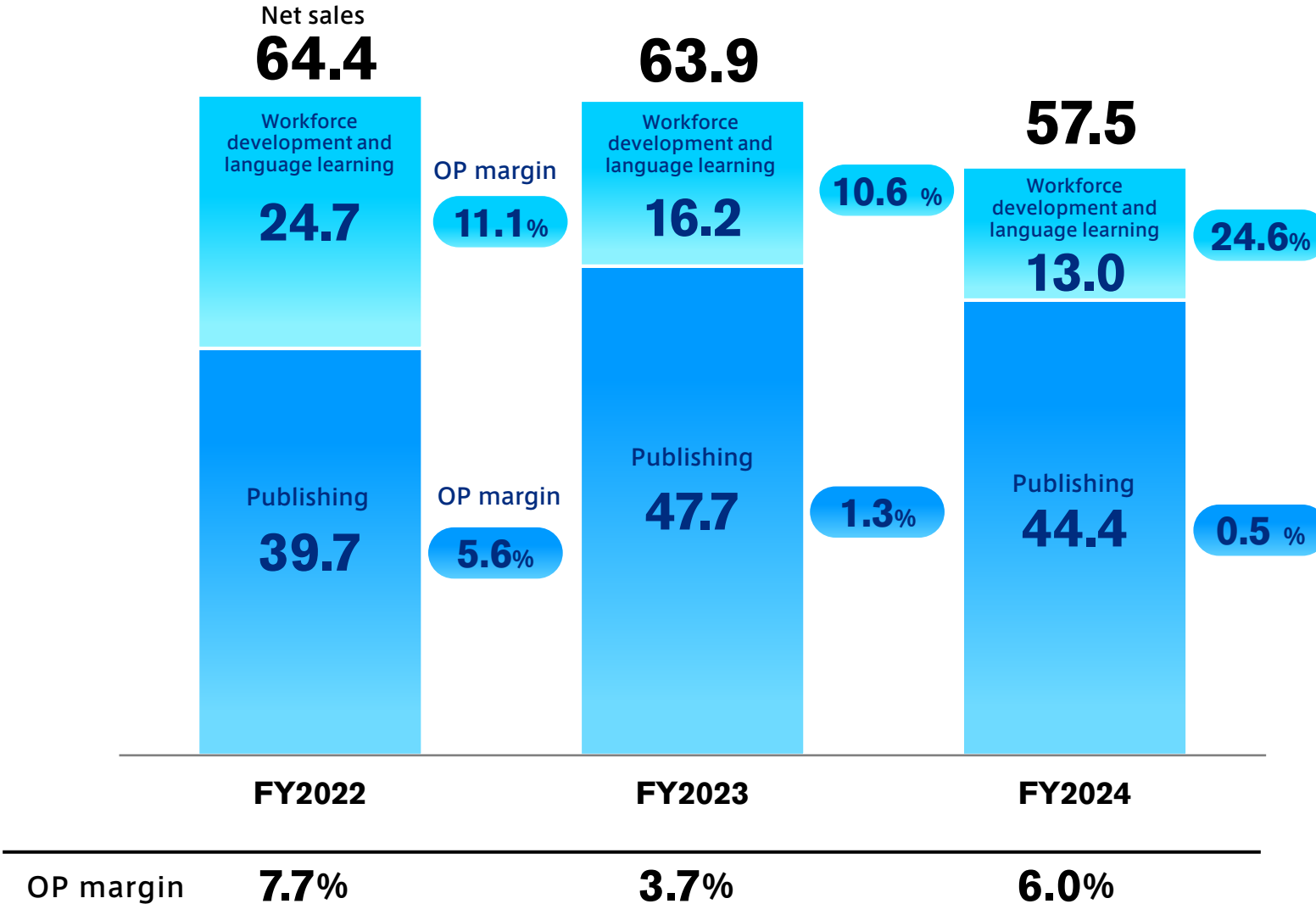
\*Numbers are rounded down to the nearest unit.

\*According to the Family Income and Expenditure Survey material released by the Ministry of Internal Affairs and Communications on February 6, 2024

# Publishing and Content

## Summary for the Three Months Ended December 31, 2023

(Hundred million yen)



### Positives

- Hits were produced from the “Chikyu-no-Arukikata” and “Otona-no-Kagaku” series
- Steady performance of e-learning for nurses and online English conversation
- Deliveries increased ahead of the airing of the anime “SAI-KYO-OH! The Ultimate Battles” from January

### Negatives

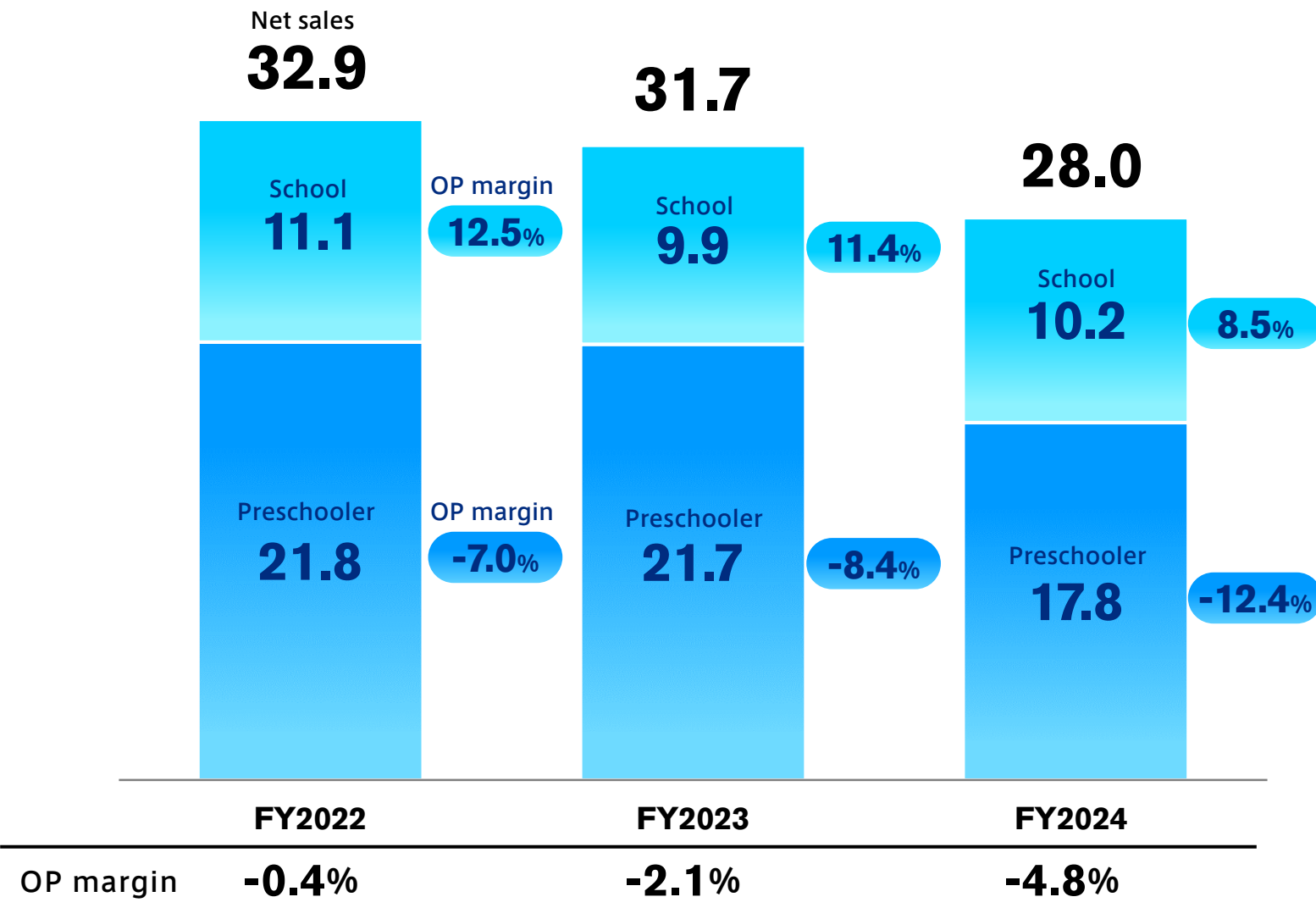
- Rate of books returned unsold deteriorated by 6.3%pt YoY  
FY2022:25.2% → FY2023: 31.5%
- A decrease in delivery of back issues
- Sluggish sales in children’s books
- A high cost tendency due to a cost I increase (about 1.5 hundred million yen) associated with soaring paper prices

\*Numbers are rounded down to the nearest unit.

# Kindergarten and School

## Summary for the Three Months Ended December 31, 2023

(Hundred million yen)



\*Numbers are rounded down to the nearest unit.

### Positives

- Steady sales of monthly publication for kindergartens
- The textbook business and short essay tutoring business remained strong

### Negatives

- Orders for large play equipment and fittings down due to decline in number of new nursery school openings
- Poor sales of original products such as aprons due to declines in subsidies and sluggish demand

# Healthcare and Nursing Domain Financial Results

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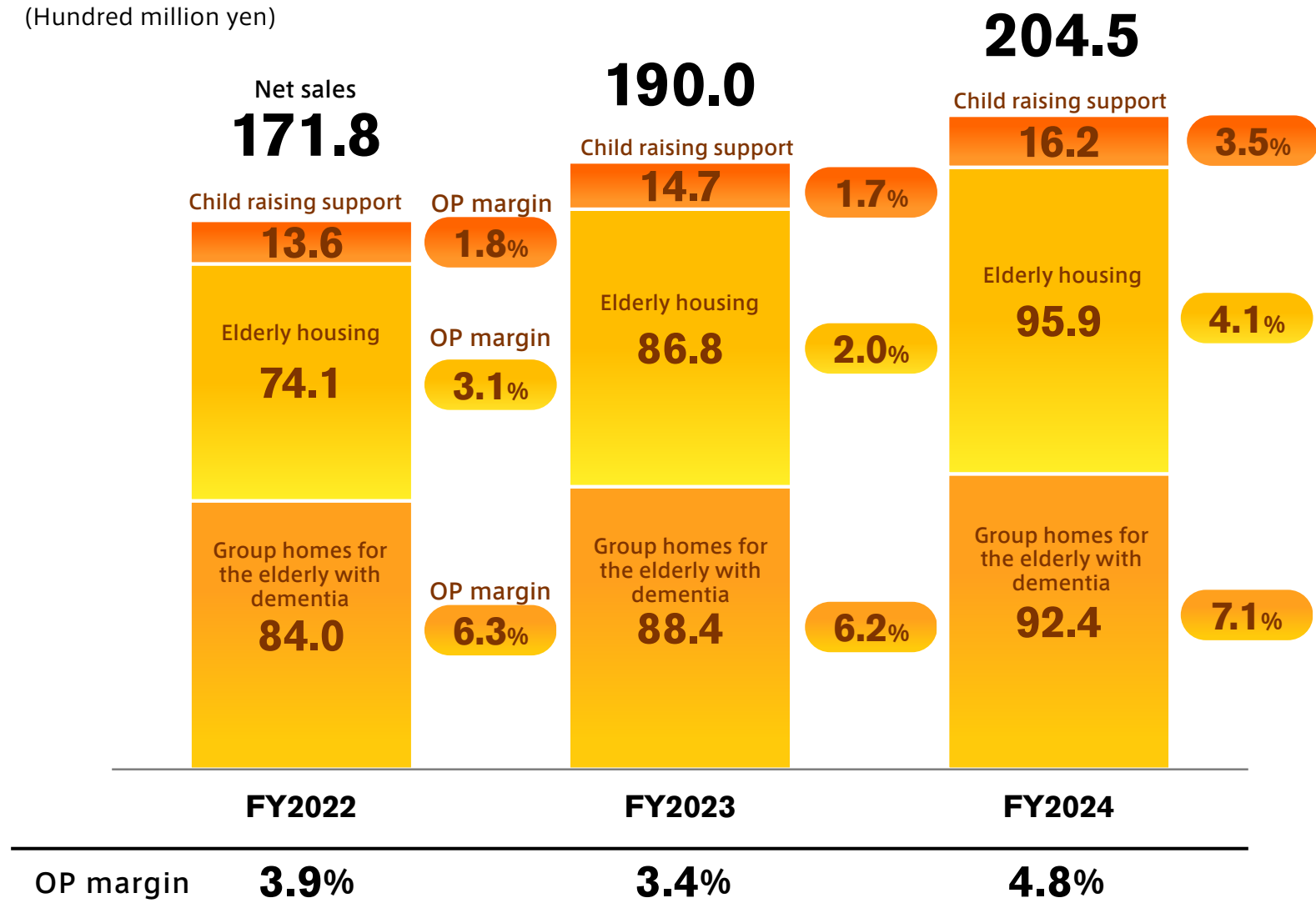
Addressed the social issue of aging society with a declining birthrate to create a community where people of all generations can live with peace of mind in three businesses

- 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 Three Months Ended December 31, 2023

(Hundred million yen)



### Positives

- New openings as scheduled
  - Elderly housing (5)
  - Group homes (3)
- Occupancy and utilization rates trending at high levels
  - Elderly housing : 96.9%
  - Group homes : 96.8%
  - 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

\*Numbers are rounded down to the nearest unit.

\*The elderly care and welfare service business of Ichishin Holdings Co., Ltd., which had been included in the group homes for the elderly with dementia business, was transferred to the learning center business in the education domain.

# Supplementary Materials

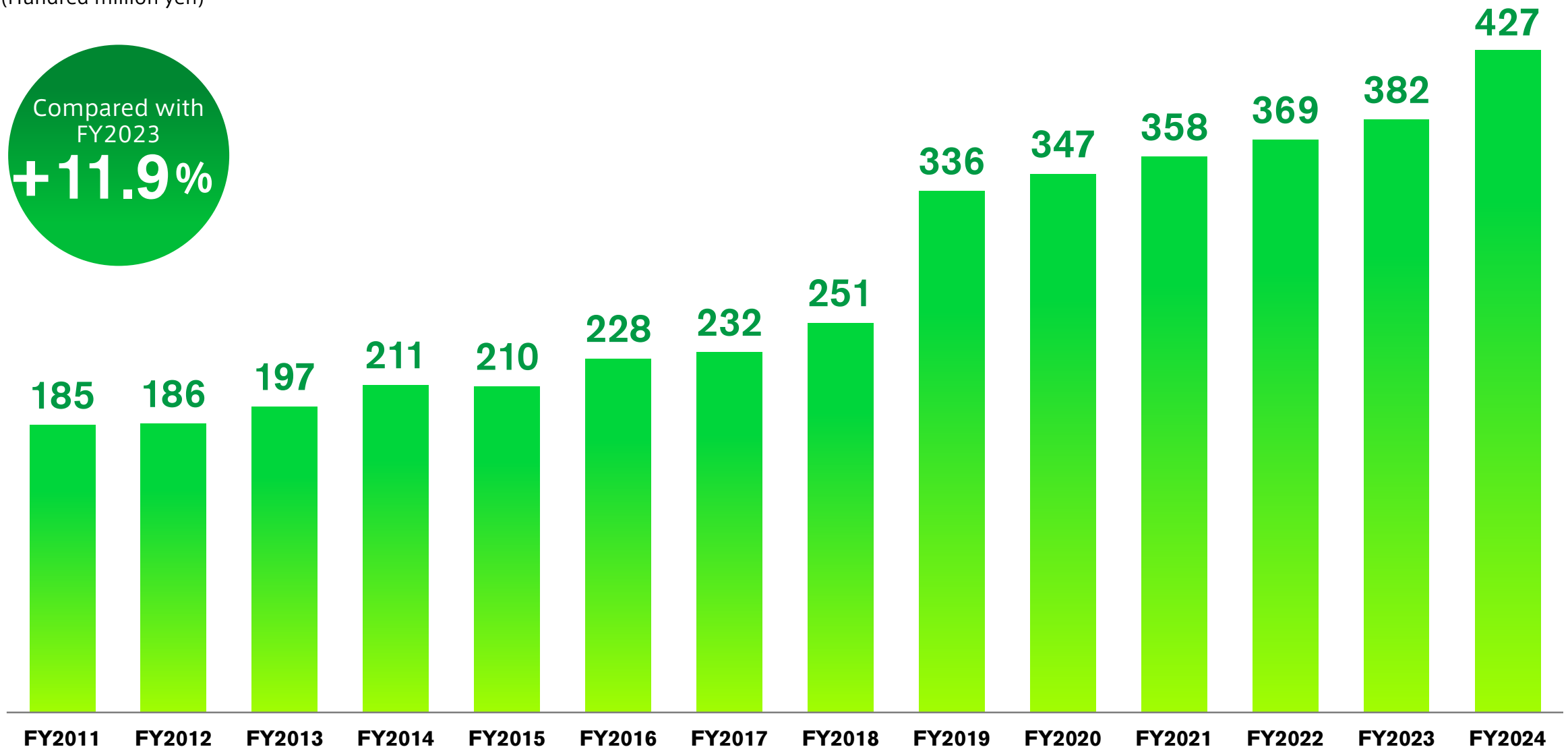




# 1Q Trends of Net Sales

(Hundred million yen)

Compared with  
FY2023  
**+11.9%**

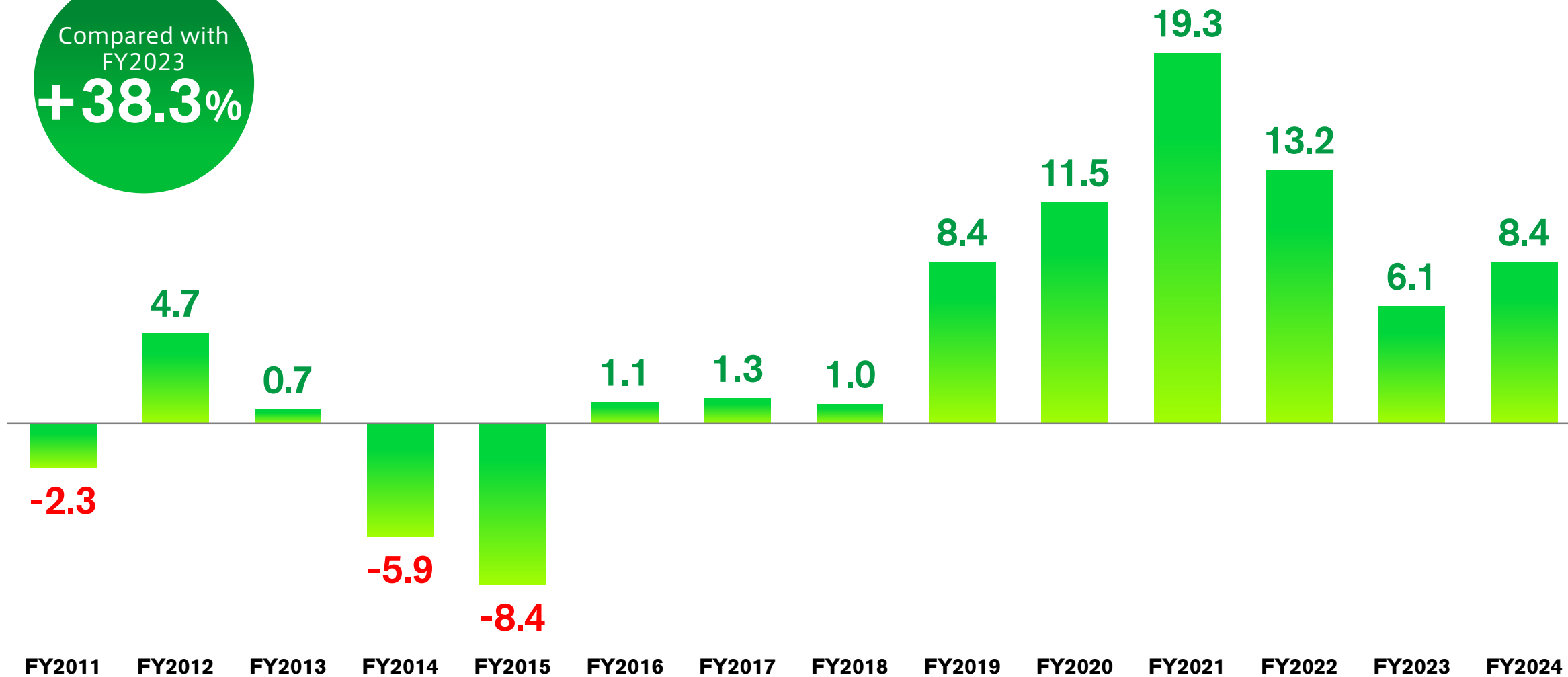


\*Numbers are rounded to the nearest unit.

# 1Q Trends of Operating Profit

(Hundred million yen)

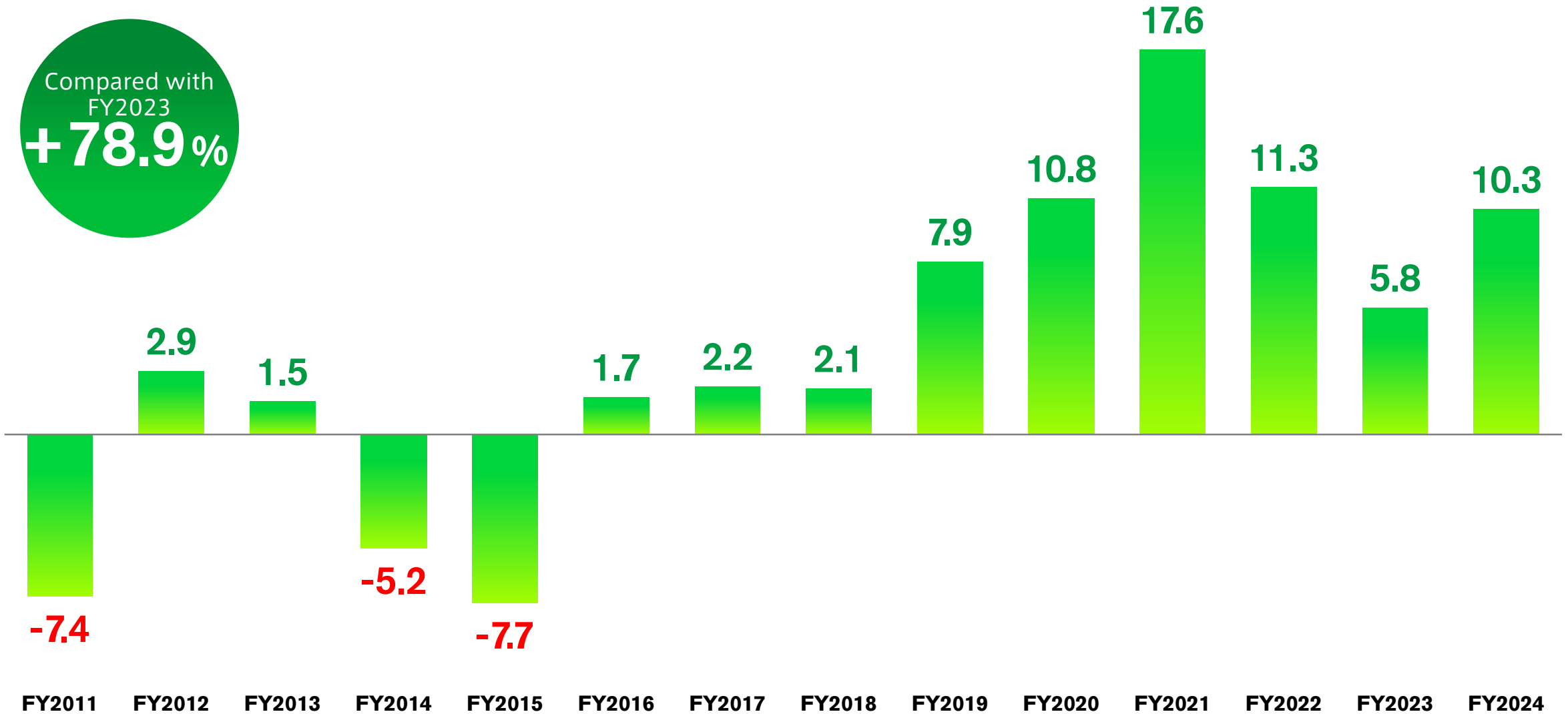
Compared with  
FY2023  
**+38.3%**



\*Numbers are rounded to the nearest unit.

# 1Q Trends of Ordinary Profit

(Hundred million yen)

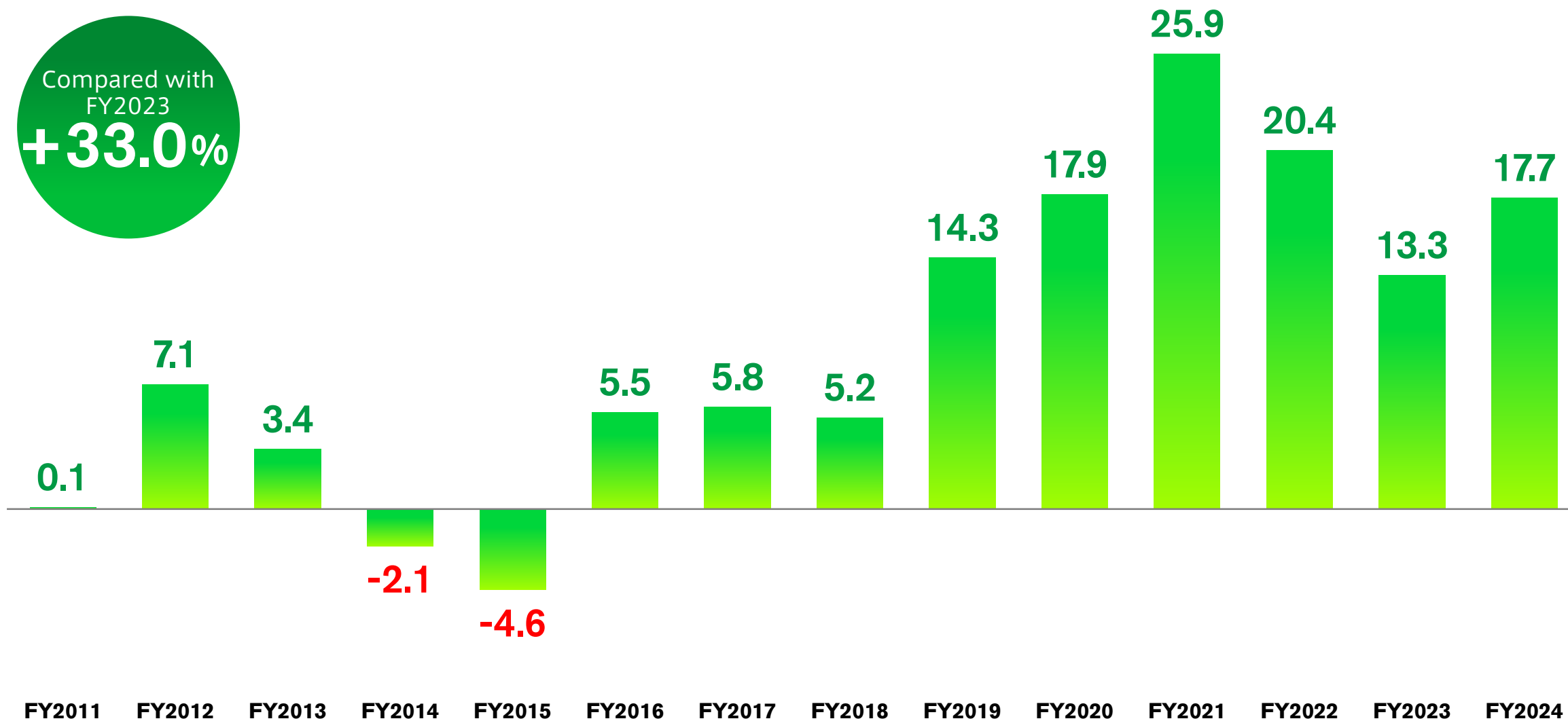


\*Numbers are rounded to the nearest unit.

# 1Q Trends of EBITDA\*

(Hundred million yen)

Compared with  
FY2023  
**+33.0%**



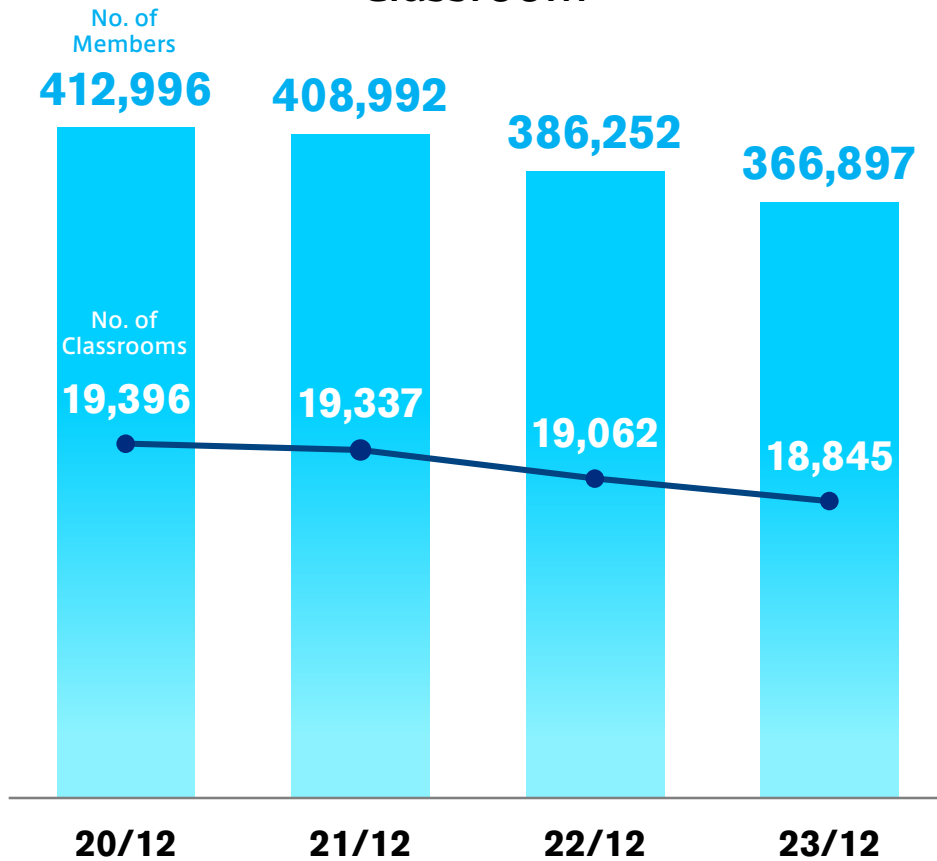
\*A total of operating profit, depreciation, and goodwill amortization. Numbers are rounded to the nearest unit.

# Classrooms and Learning centers Business

## No. of Members and No. of Classrooms

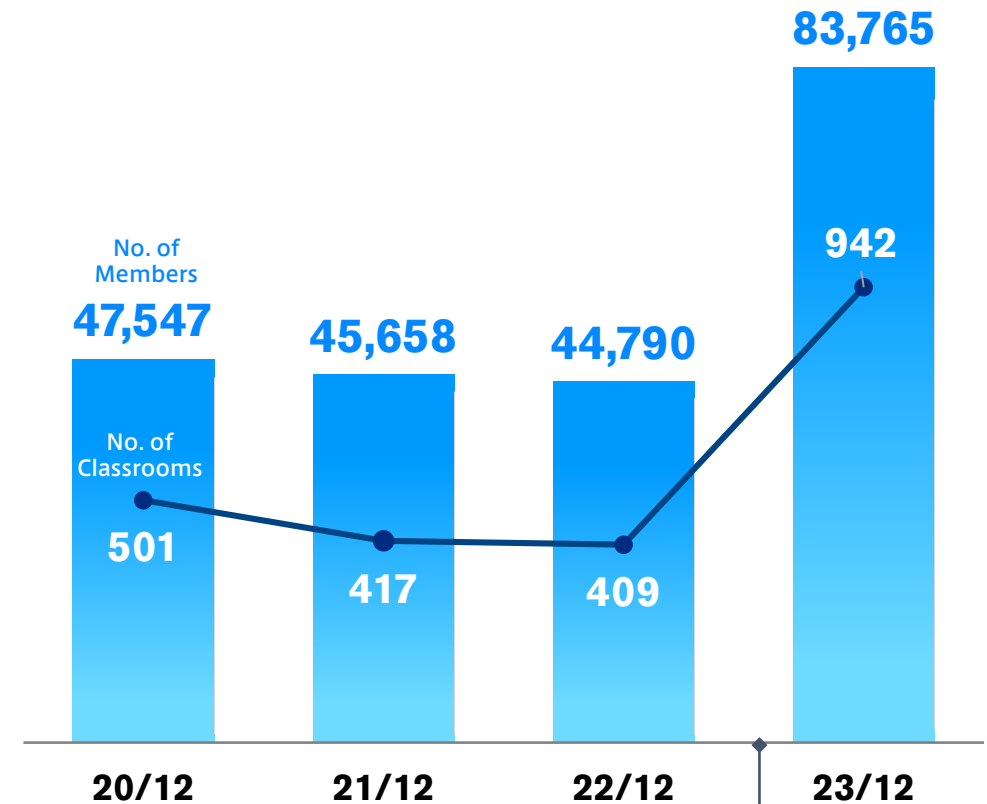
- In the learning center business, the number of students and classrooms increased, due to the Ichishin Holdings joining the Group
- Gakken Classroom's developing home-based FC classrooms did not perform well, failing to achieve a recovery trend, number of members for preschooler classes has stagnated despite increase in number of new classrooms

### Classroom



\*Numbers of members/classrooms are totals of those for Gakken Classrooms and preschooler classes.

### Learning Center



\* NE Holdings joined the Group in May 2023 and Ichishin Holdings in July 2023

# Publishing Business

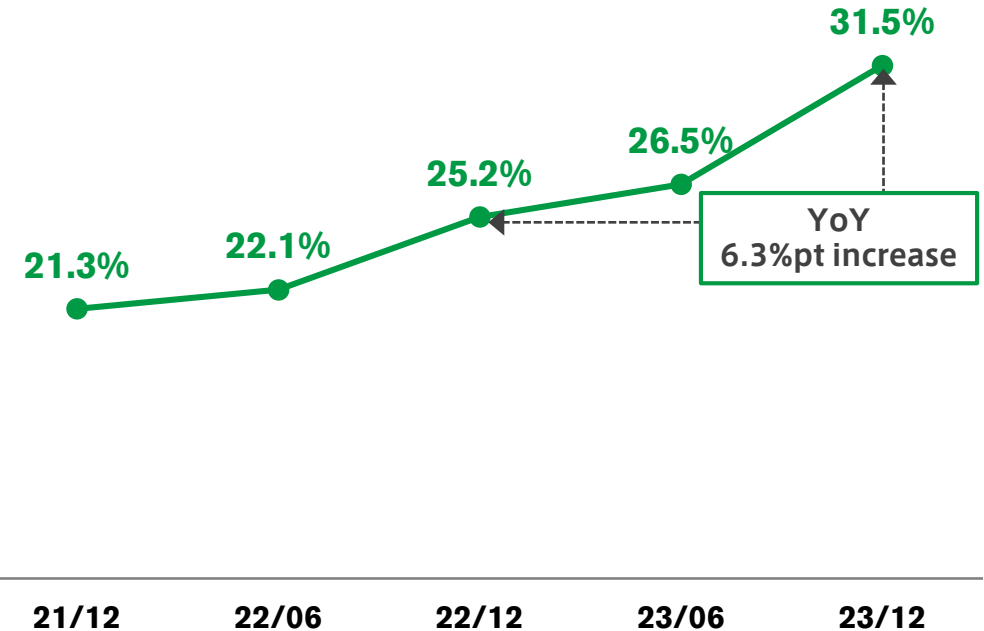
## No. of New Publications and Rate of Returns

- Controlled the number of study-aid books to be published ahead of the elementary school textbook revisions in 2024
- Rate of publications returned during cumulative period deteriorated by 6.3%points year on year

### No. of new publications\*

	21/12	22/12	23/12
Children's books	56	46	42
Study-aid books	19	27	22
How-to guides	40	60	40
Magazine books	7	6	11
Other publications	19	24	30
<b>Total</b>	<b>141</b>	<b>163</b>	<b>145</b>

### Rate of publications returned during cumulative period

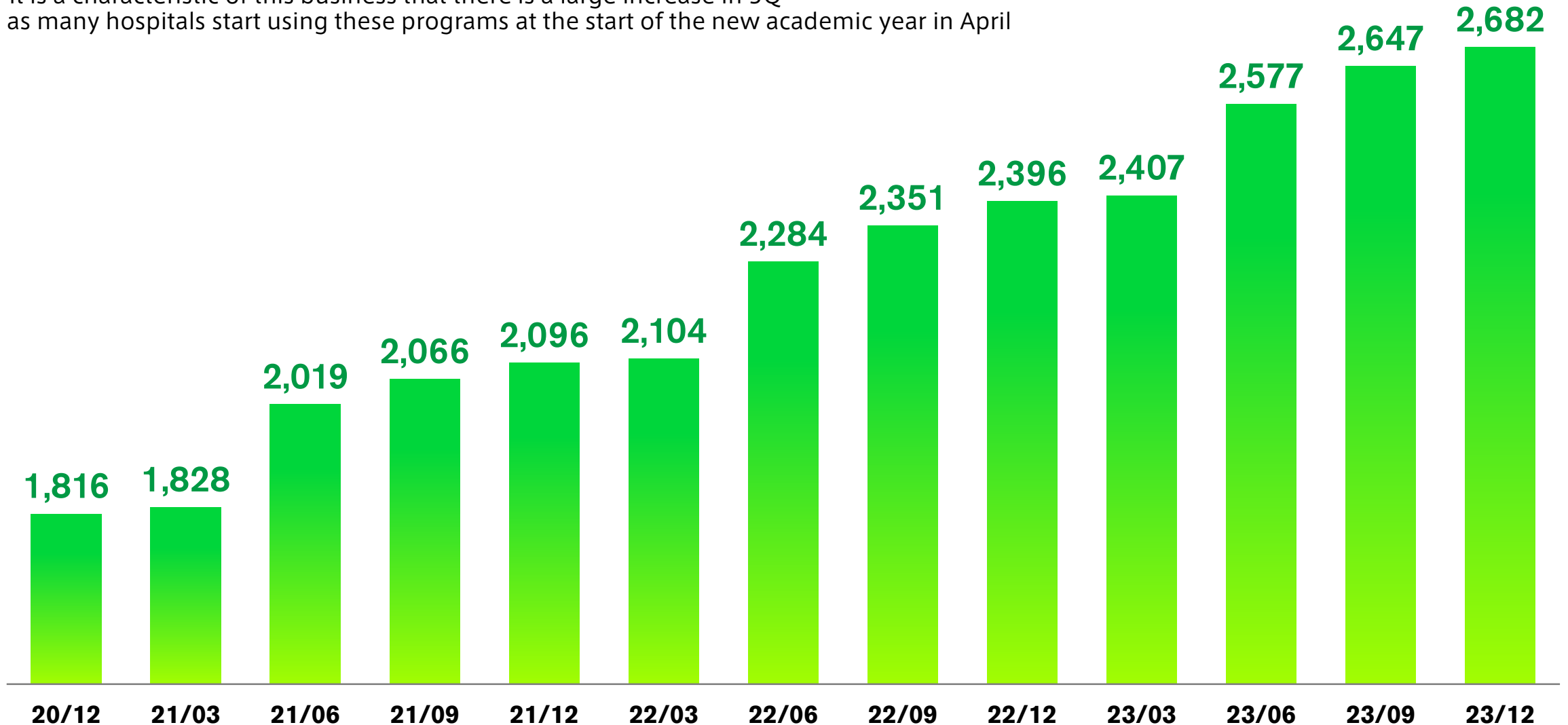


\* Numbers of new publications and the rate of publications returned for books (excluding magazines) are totals of those for Gakken Inc. and Arukikata Co., Ltd.

# Workforce Development and Language Learning Business

## No. of Hospitals using E-learning Programs for Nurses

- The number of contracting hospitals increased by 286 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



# School Business

## 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

	AY2020	AY2021	AY2022	AY2023	AY2024	AY2025
Elementary school Health	◎		△	●	◎	
Junior high school Physical and health education	●	◎		△	●	◎
Elementary school Moral education	◎		△	●	◎	
Junior high school Moral education	●	◎		△	●	◎



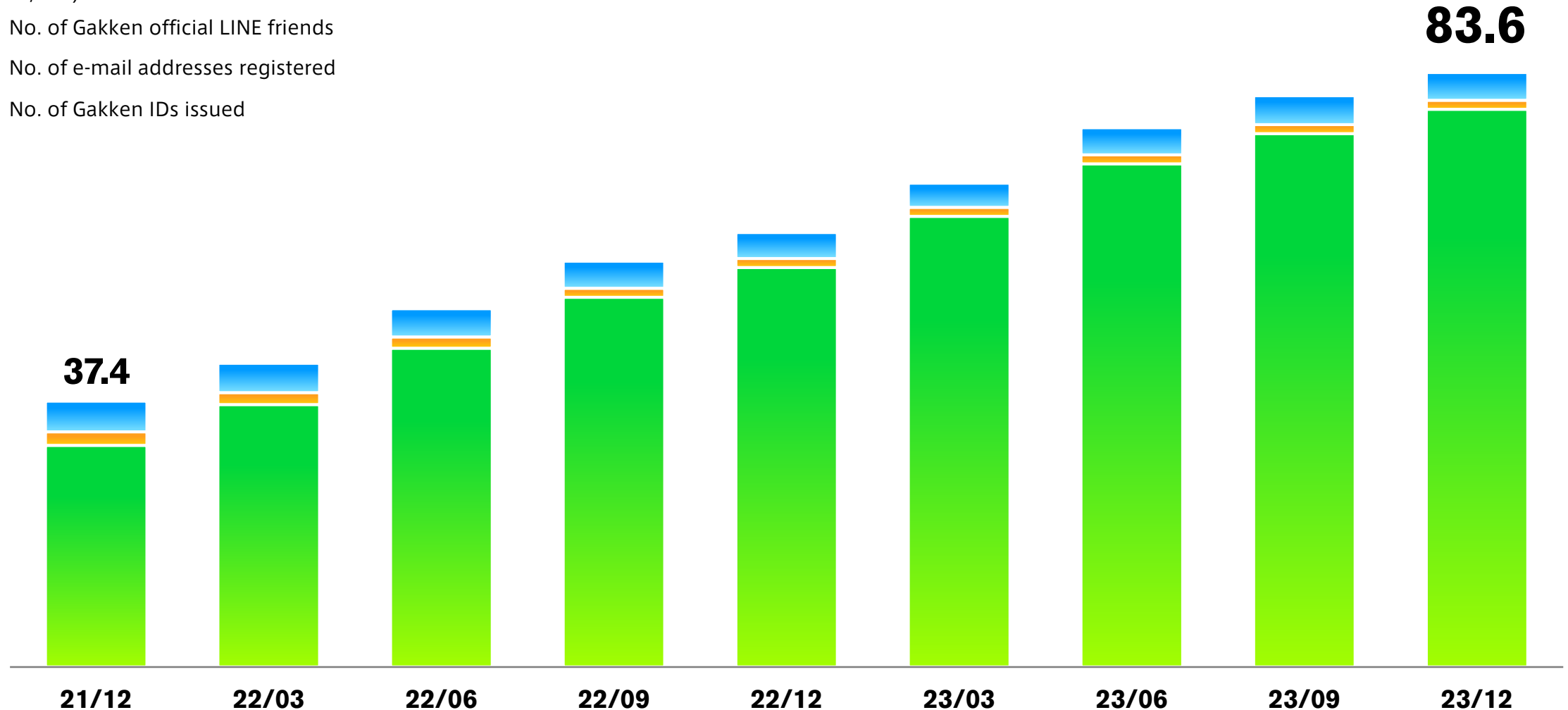
# DX Strategy

## Group Direct Touchpoints

The number of IDs obtained for individual services has reached 800,000  
We will promote collaboration between services to improve customer's LTV

(in 10,000)

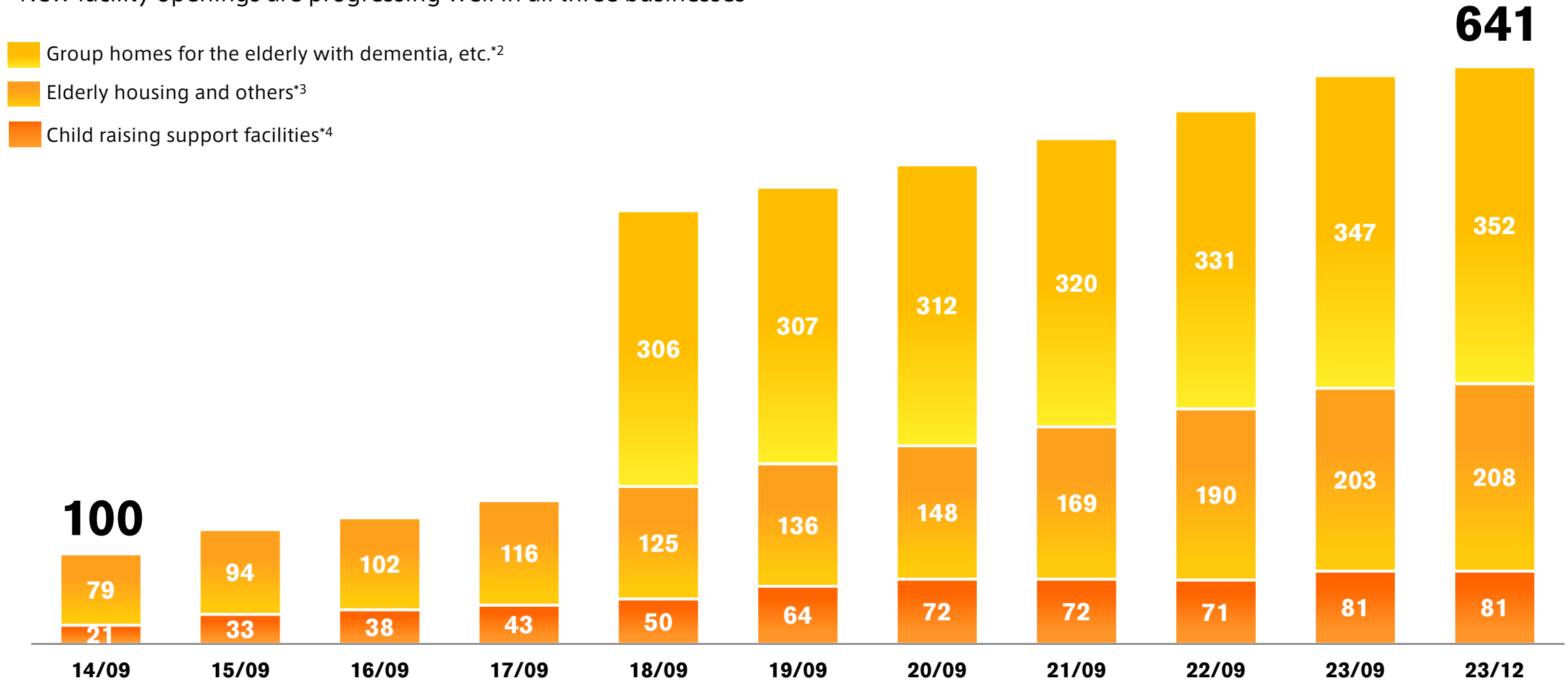
- No. of Gakken official LINE friends
- No. of e-mail addresses registered
- No. of Gakken IDs issued



# Healthcare and Nursing Domain

## No. of Facilities\*<sup>1</sup> (FY2014~)

New facility openings are progressing well in all three businesses



\*1 Numbers are net numbers of new openings which is deducted the number of closures. Numbers include overseas facilities.

\*2 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.

\*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 Totals of nursery schools, afterschool children's clubs, child development support facilities, and learning support facilities.

# Healthcare and Nursing Domain\*<sup>1</sup>

## Plans and Progress of New Facility Openings

In the first quarter, a total of eight facilities were opened, including elderly housing and group homes for the elderly with dementia  
 Maintaining aggressive planned pace of new facility openings

	FY2023		FY2024		(No. of developed facilities)
	Previous year Results	1Q Results	Full-year Plan	Achievement rate against the initial plan	
Elderly housing	13	5 Including 1 M&A	28	17.8 %	
Group homes for the elderly with dementia	15	3 Including 1 M&A	14	21.4 %	
Child raising* <sup>2</sup> support facilities	10	0	13	0.0 %	
Total	38	8	55	14.5 %	

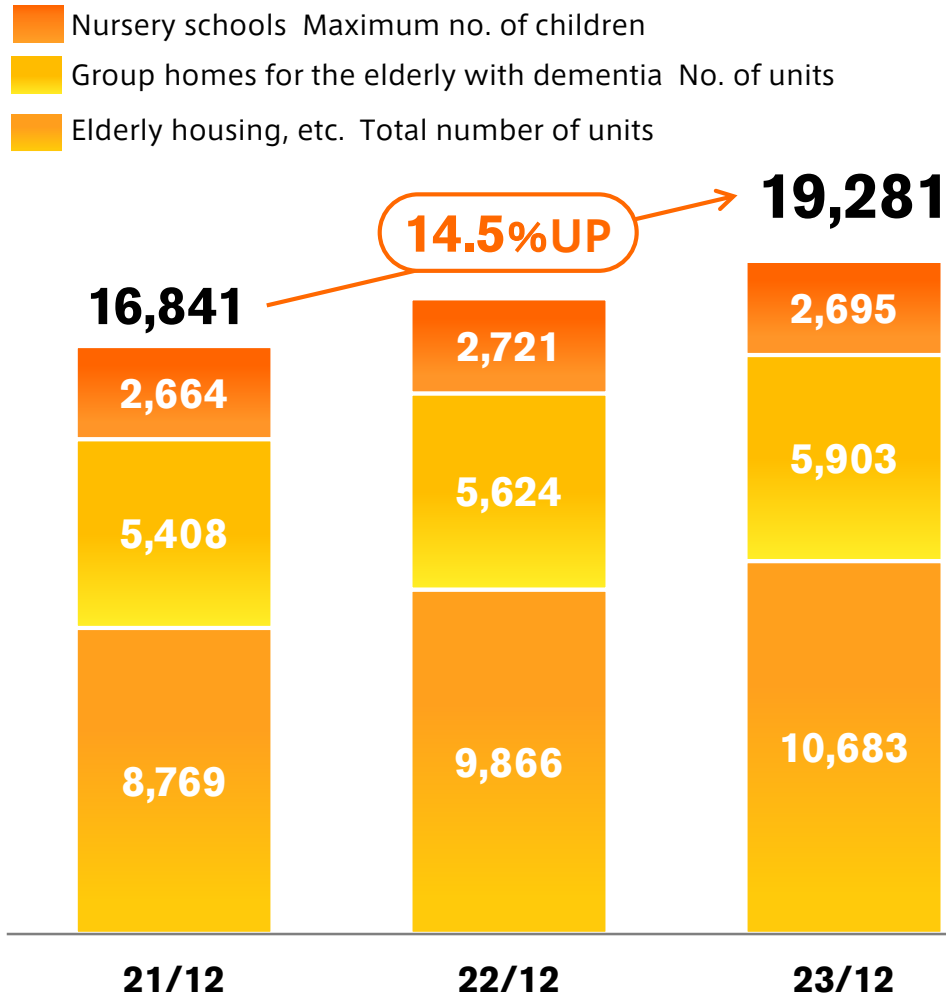
\*1 Facilities that closed during the period have not been deducted from the stated figures. Numbers are those of domestic facilities only. Does not include locations operated by Ichishin Holdings Co., Ltd.

\*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.

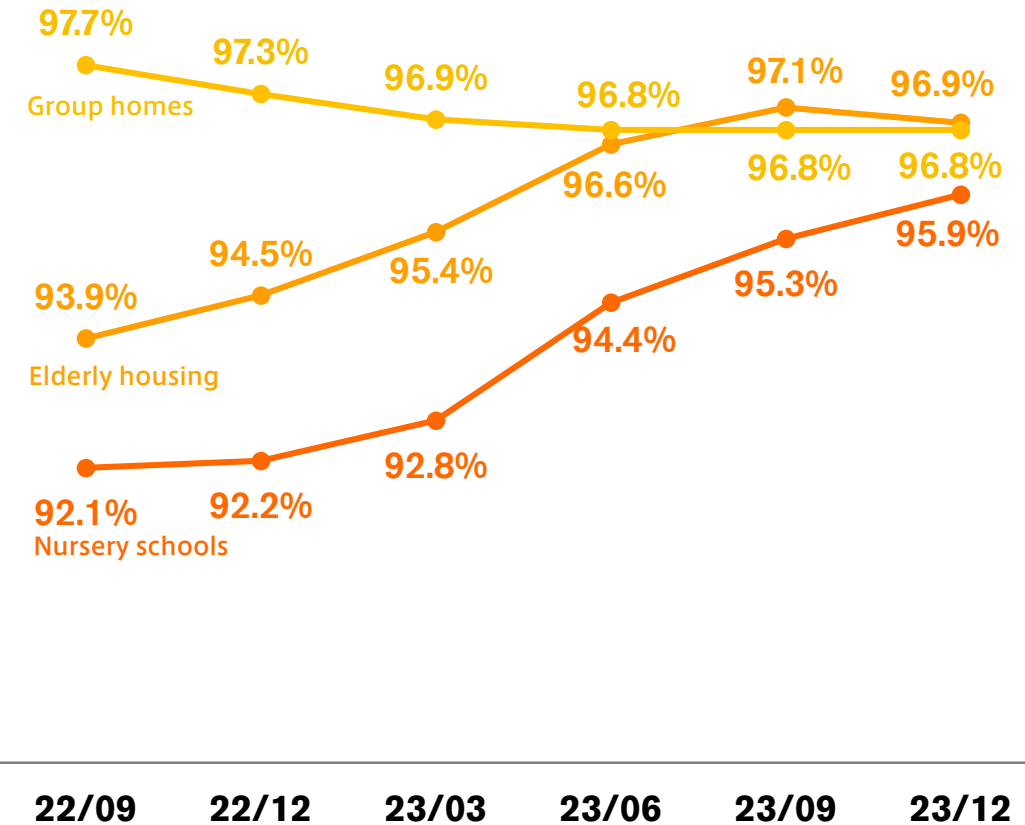
# Healthcare and Nursing Domain

## Capacity Expansion and Improvement in Status of Operations

Trend in total number of units and maximum number of children



Trend in occupancy rate and utilization rate



# Healthcare and Nursing Domain

## Occupancy Rate and Utilization Rate

		20/09	21/03	21/09	22/03	22/09	23/03	23/09	23/12
Elderly housing	Total no. of units	7,182	7,632	8,308	9,037	9,665	9,980	10,361	10,683
	No. of occupied units	6,600	6,985	7,505	8,345	9,073	9,519	10,062	10,357
	Occupancy rate	91.9%	91.5%	90.3%	92.3%	93.9%	95.4%	97.1%	96.9%
Group homes* <sup>1</sup> for the elderly with dementia	Total no. of units* <sup>2</sup>	5,246	5,246	5,372	5,444	5,570	5,687	5,858	5,903
	Occupancy rate	98.0%	98.0%	97.8%	97.6%	97.7%	96.9%	96.8%	96.8%
Child raising* <sup>3</sup> support facilities	Maximum no. of children* <sup>3</sup>	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 Figures for group homes for the elderly with dementia do not include the numbers from the elderly care and welfare service business operated by Ichishin Holdings Co., Ltd.

\*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.

Did you do your best today?  
**Gakken**

**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.