
Financial Results for the Three Months

Ended December 31, 2024

February 14, 2025
Gakken Holdings Co., Ltd.

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

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Overview of Financial Results for the Three Months

Ended December 31, 2024



Summary of Consolidated Financial Results for the Three Months Ended December 31, 2024

Net Sales

45.9 B YoY
+7.5% ↗

Increase due to recovery in the Publishing business and Kirihara Shoten addition to the group in the Education domain, and increase in the number of facilities in the Healthcare and Nursing domain.

Operating profit

0.64 B YoY
(22.6)% ↘

Decrease due to higher expenses in the Healthcare and Nursing domain caused by price hikes. although cost control was strengthened.

Ordinary profit

0.52 B YoY
(48.6)% ↘

Decrease due to lower operating profit and lower equity in earnings of investments.

EBITDA*

1.58 B YoY
(10.5)% ↘

Decrease due to lower operating profit despite increase in goodwill amortization.

Net profit**

0.81 B YoY
+0.85B ↗

Increased due to the absence of loss on sales of securities that occurred in the previous fiscal year.

*A total of operating profit, depreciation, goodwill amortization

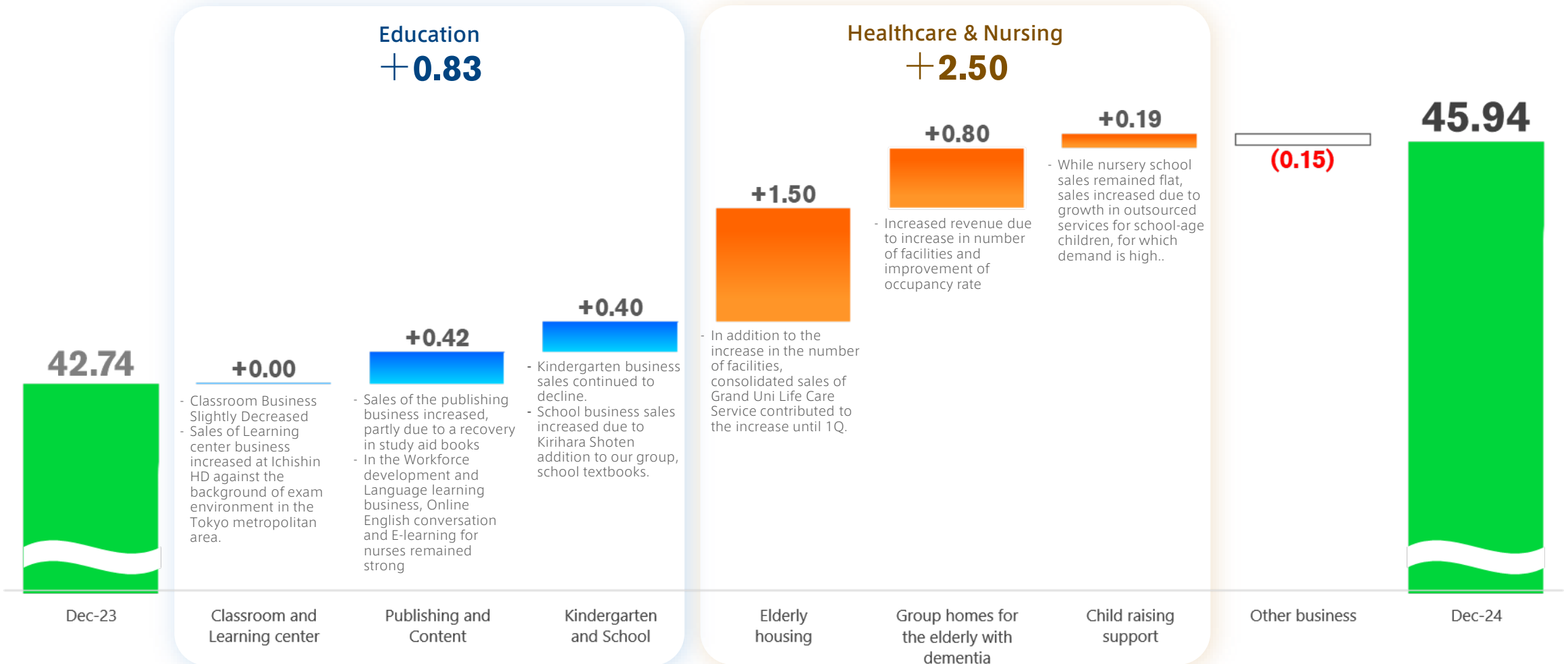
**Profit attributable to owners of parent

Note: Figures are rounded down to the nearest unit.

Factors affecting Changes in 1Q Net Sales(YoY)

(Unit: Billion yen)

- Increase in the Education Domain due to higher revenues from Ichishin HD, recovery in publishing business and growth in the Workforce development and language learning business, and increase in the Healthcare and Nursing Domain due to increase in facilities and maintenance of occupancy rates.

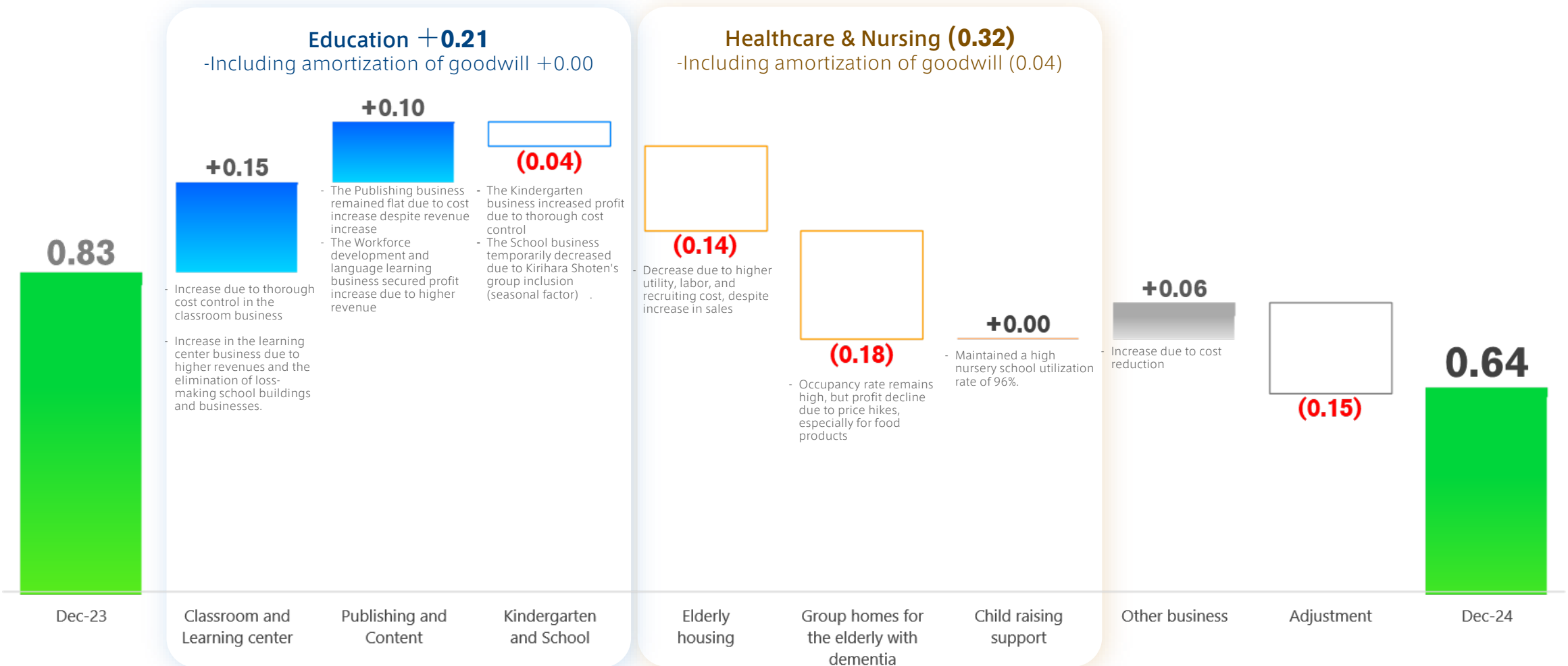


Note: Figures are rounded down to the nearest unit.

Factors affecting Changes in Operating profit (YoY)

(Unit: Billion yen)

- While the Education domain showed an increase in profit due to higher revenue and improved cost control, the Healthcare and Nursing domain suffered a decrease in profit due to a sharp rise in utility and other prices, resulting in a consolidated decrease in profit.

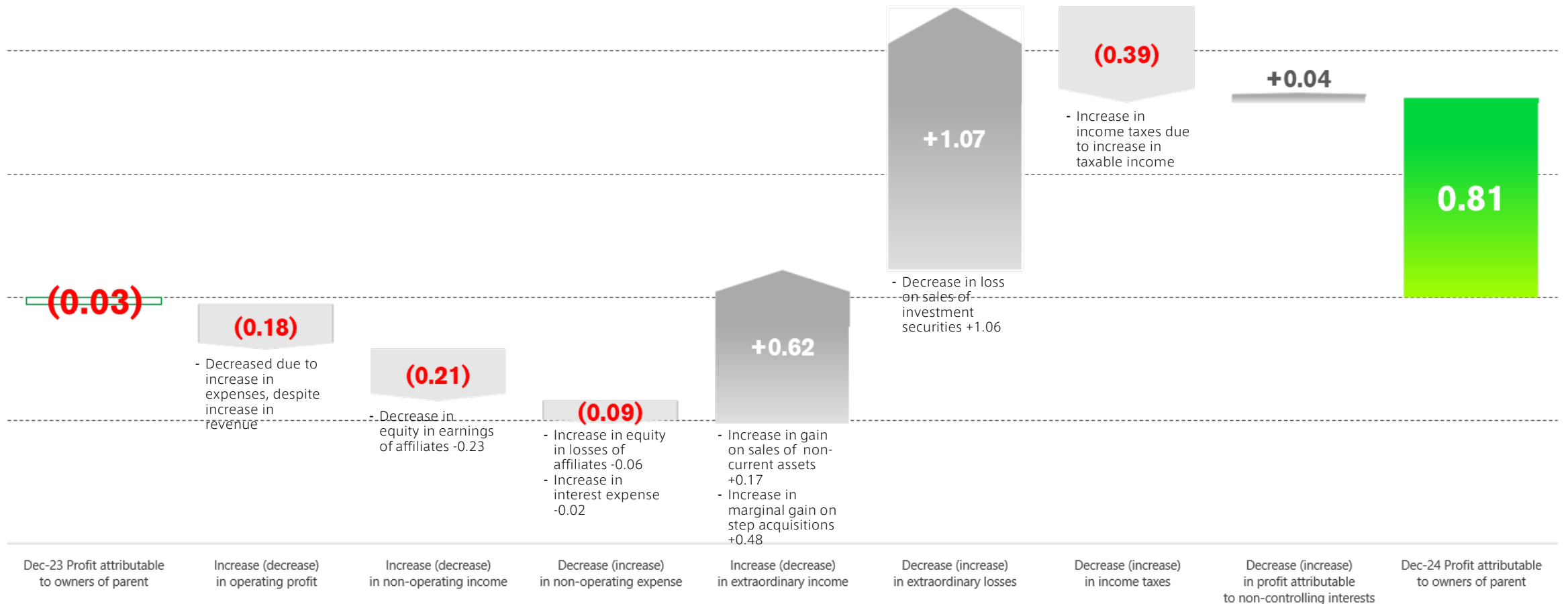


Note: Figures are rounded down to the nearest unit.

Factors affecting Changes in Profit attributable to owners of the Parent (YoY)

(Unit: Billion yen)

- Net profit increased due to the elimination loss on sales of shares incurred in the previous fiscal year..

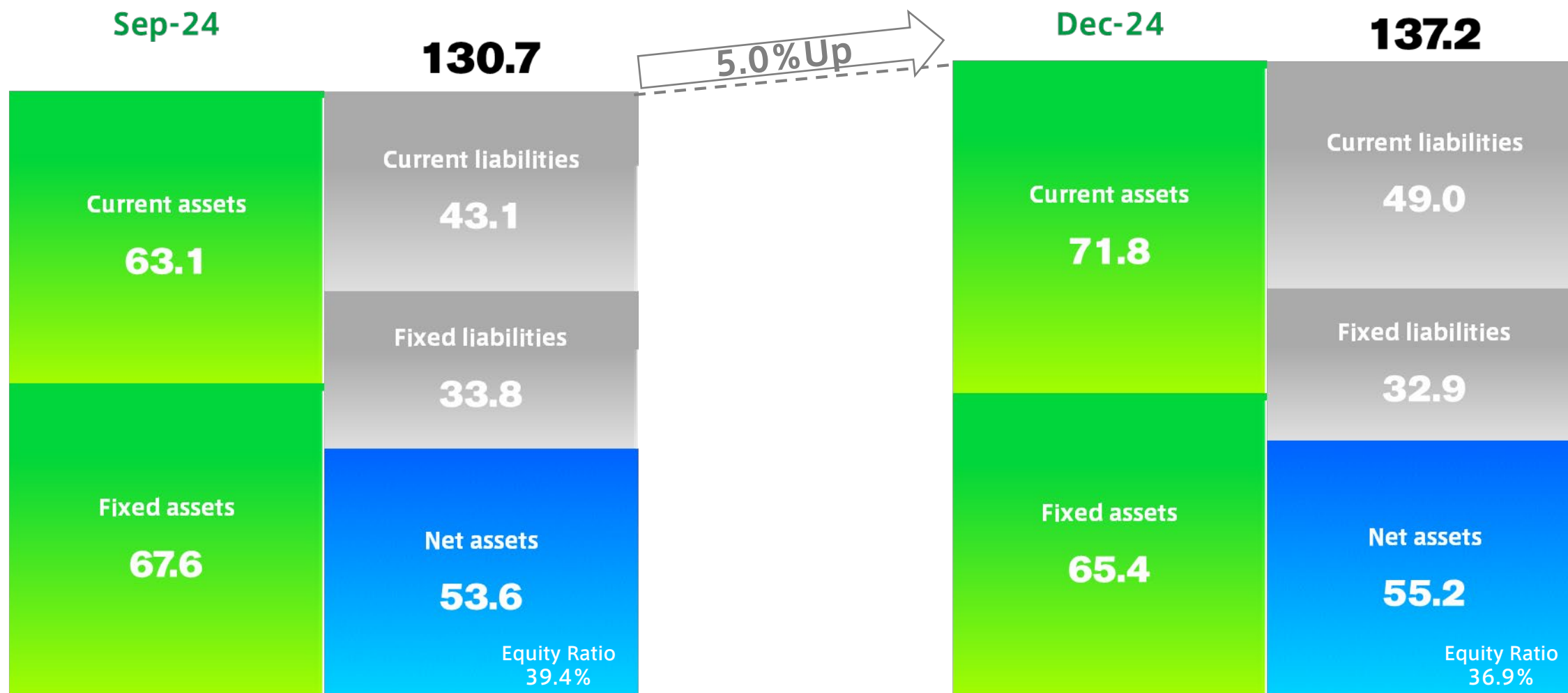


Note: Figures are rounded down to the nearest unit.

Consolidated Financial Position

(Unit: Billion yen)

- Total assets increased by 5.0% due to business expansion, resulting in a lower equity ratio of 36.9%



Note: Figures are rounded down to the nearest unit.

Summary of Results by Segment for the Three Months

Ended December 31, 2024

(Unit: Billion yen)

Segment	Dec-2023		Dec-2024		Change (YoY)		
	Business	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Education		20.67	0.08	21.50	0.31	+0.85	+0.22
Classroom and learning center		12.11	(0.01)	12.12	0.14	+0.00	+0.15
Publishing and content		5.75	0.34	6.17	0.45	+0.42	+0.10
Kindergarten and school		2.80	(0.13)	3.21	(0.18)	+0.40	(0.05)
Goodwill		—	(0.10)	—	(0.10)	—	0.00
Healthcare and Nursing		20.45	0.99	22.96	0.67	+2.50	(0.32)
Elderly housing		9.59	0.39	11.09	0.29	+1.50	(0.09)
Group homes for the elderly with dementia		9.24	0.66	10.05	0.47	+0.80	(0.18)
Child raising support		1.62	0.05	1.82	0.05	+0.19	+0.00
Goodwill		—	(0.11)	—	(0.16)	—	(0.04)
Other business		1.62	0.14	1.46	0.20	(0.15)	+0.06
Adjustments		—	(0.38)	—	(0.53)	—	(0.15)
Group total		42.74	0.83	45.94	0.64	+3.19	(0.18)

Note: Figures are rounded down to the nearest unit.

Included in the ESG Index

- In December of last year, our company was selected for inclusion in the FTSE Blossom Japan Index. Following our inclusion in the FTSE Blossom Japan Sector Relative Index and the S&P/JPX Carbon Efficient Index Series, we are now featured in three of the ESG indices adopted by the Government Pension Investment Fund (GPIF).

General indices

New



**FTSE Blossom
Japan Index**

FTSE Blossom
Japan Index

Domestic

1,522.3 Bn



**FTSE Blossom
Japan Sector
Relative Index**

FTSE Blossom
Japan Sector Relative Index

Domestic

1,441.7 Bn

Thematic indices



S&P/JPX
Carbon Efficient Index Series

Domestic

2,311.7 Bn

Foreign

4,876.9 Bn

Education Domain Business overview

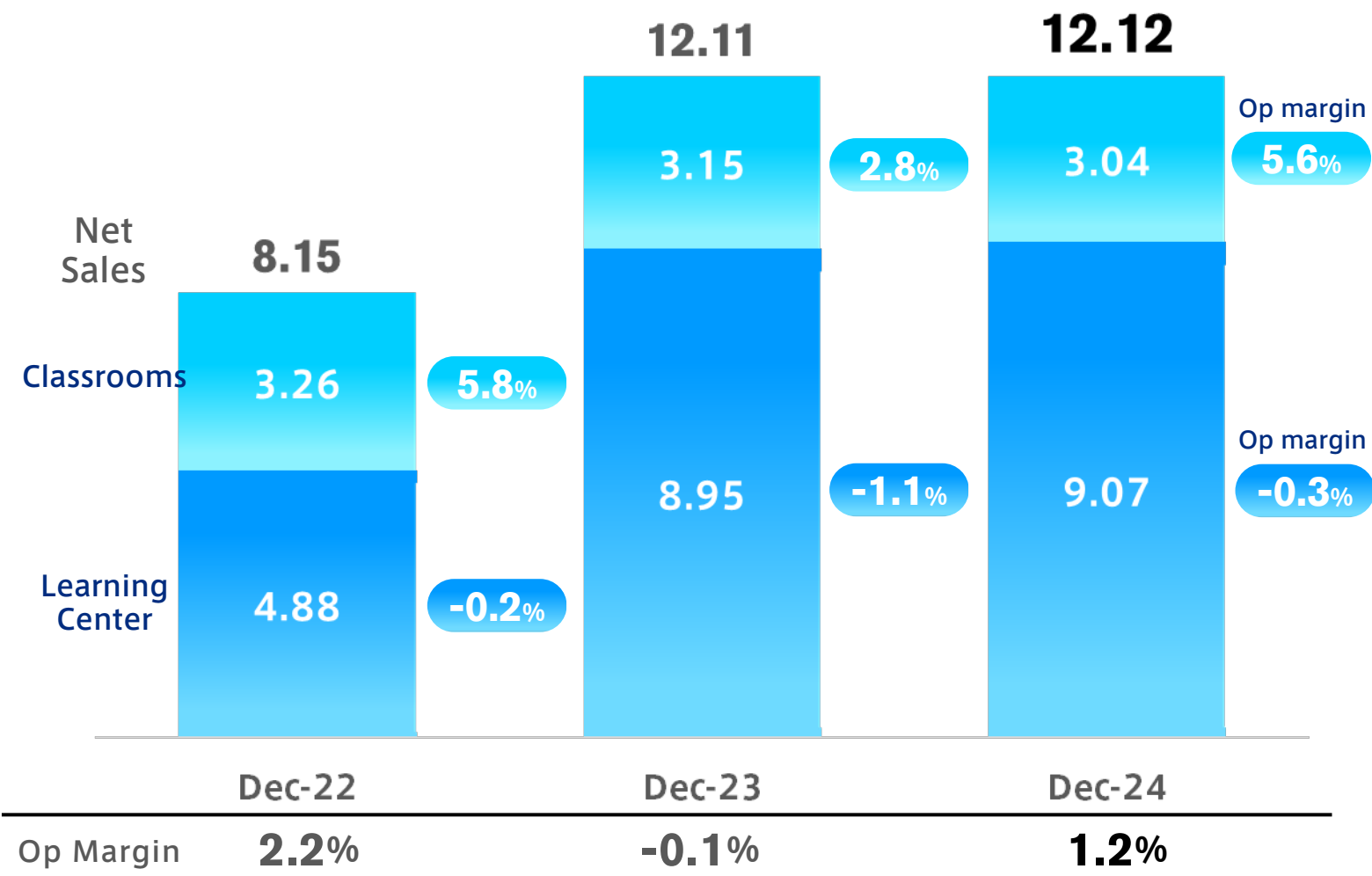
Focused on the following three businesses extensively supporting learning, with an expanded service menu for workforce development

- 1) Classroom and learning center: Operation of preschooler classes and Gakken classrooms supporting learning in everyday life, and learning centers across Japan
- 2) Publishing and content: Production and sale of children's books, study-aid books, and other publications, as well as e-learning content
- 3) Kindergarten and school: Production and sale of goods for kindergartens and nursery schools, and provision of corporate training programs

Classroom and Learning center business

Summary for the Three Months ended December 31, 2024

(Unit: Billion yen)



Positives

- Increase in revenue at Ichishin Holdings.
- Increase in the number of students per school building in the learning center business.
- Reduction of expenses in the classroom business.
- Recovering trend in membership in the classroom business.

Negatives

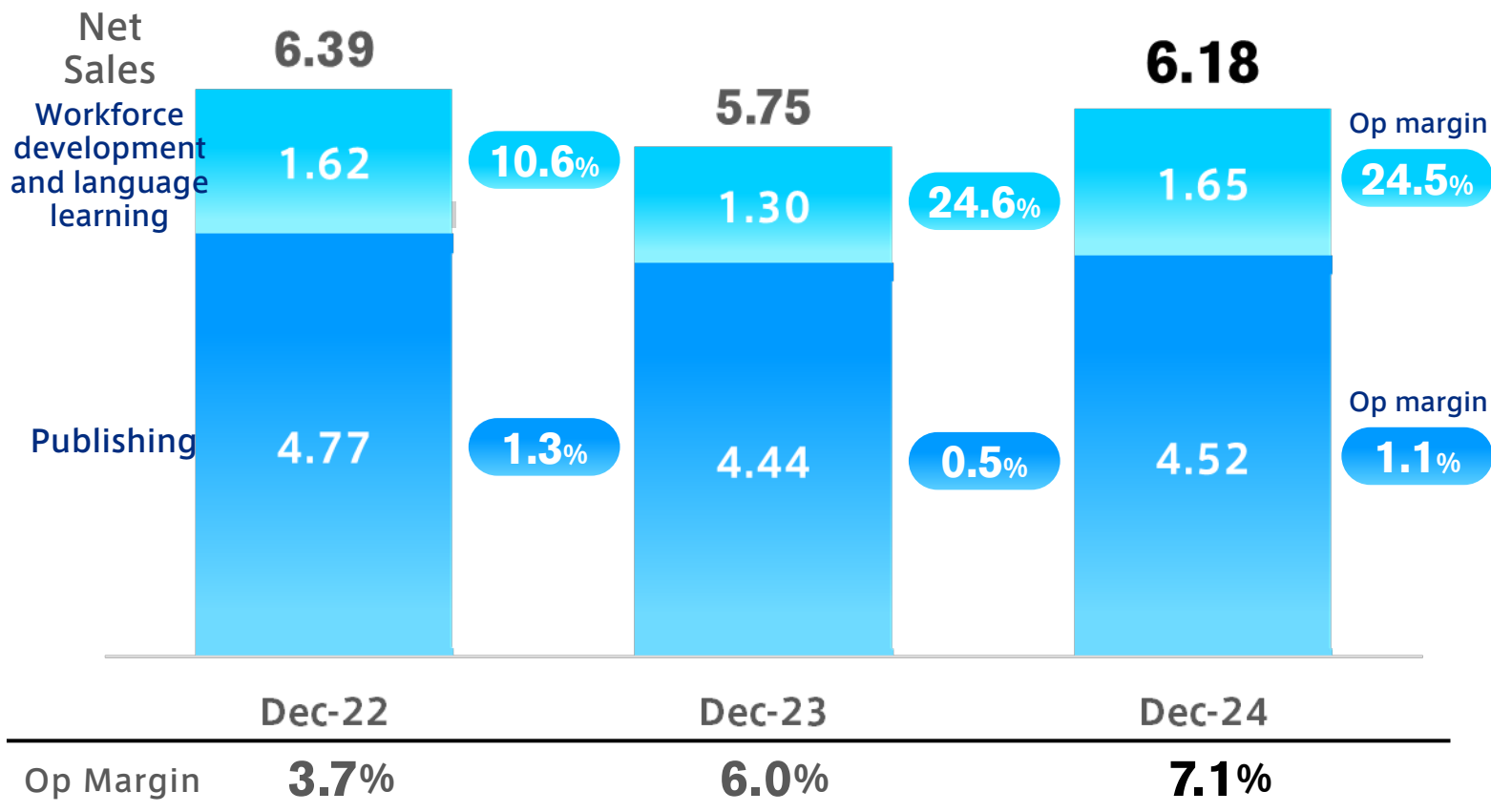
- Increased thriftiness in household expenditures.
- Decrease in willingness to attend learning centers due to the increase in the number of public high school enrollments and university entrance examinations within a year.

The learning center business incorporates Ichishin Holdings' financial results for the three months (September to November) of FY2024.

Note: Figures are rounded down to the nearest unit.

Summary for the Three Months ended December 31, 2024

(Unit: Billion yen)



Positives

- Return ratio improved YoY (-5.1% pt.)
- High School Study Aid Books in Performing Well
- Steady performance in the nursing e-learning business.
- Online English conversation business also saw an increase in the number of paying subscribers.

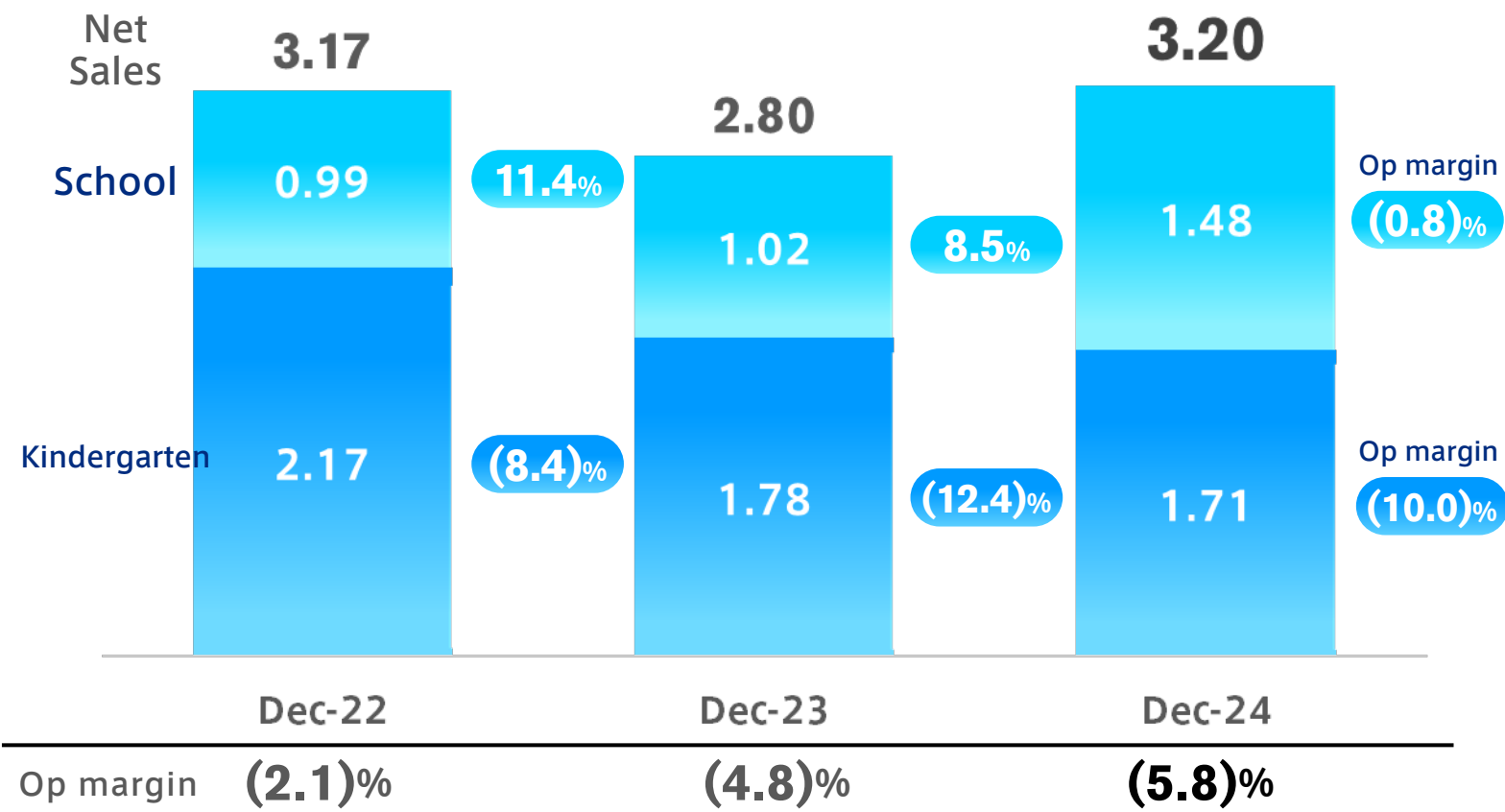
Negatives

- Cost increase due to higher production costs.
- Decrease in the number of new books first distributed due to a decrease in the number of bookstores.

Note: Figures are rounded down to the nearest unit.

Summary for the Three Months ended December 31, 2024

(Unit: Billion yen)



Positives

- Increase in revenue due to Kirihara Shoten Group-in.
- Losses reduced in Kindergarten business due to cost reductions.

Negatives

- Orders for large playground equipment and fixtures for kindergartens have not recovered due to shrinking demand for new equipment as a result of a decline in the number of new kindergartens and a trend of restrained capital investment in existing kindergartens.
- Seasonal fluctuation factors also increased in the school business due to the inclusion of Kirihara Shoten as a group company. Profit is expected in 2Q.

Note: Figures are rounded down to the nearest unit.

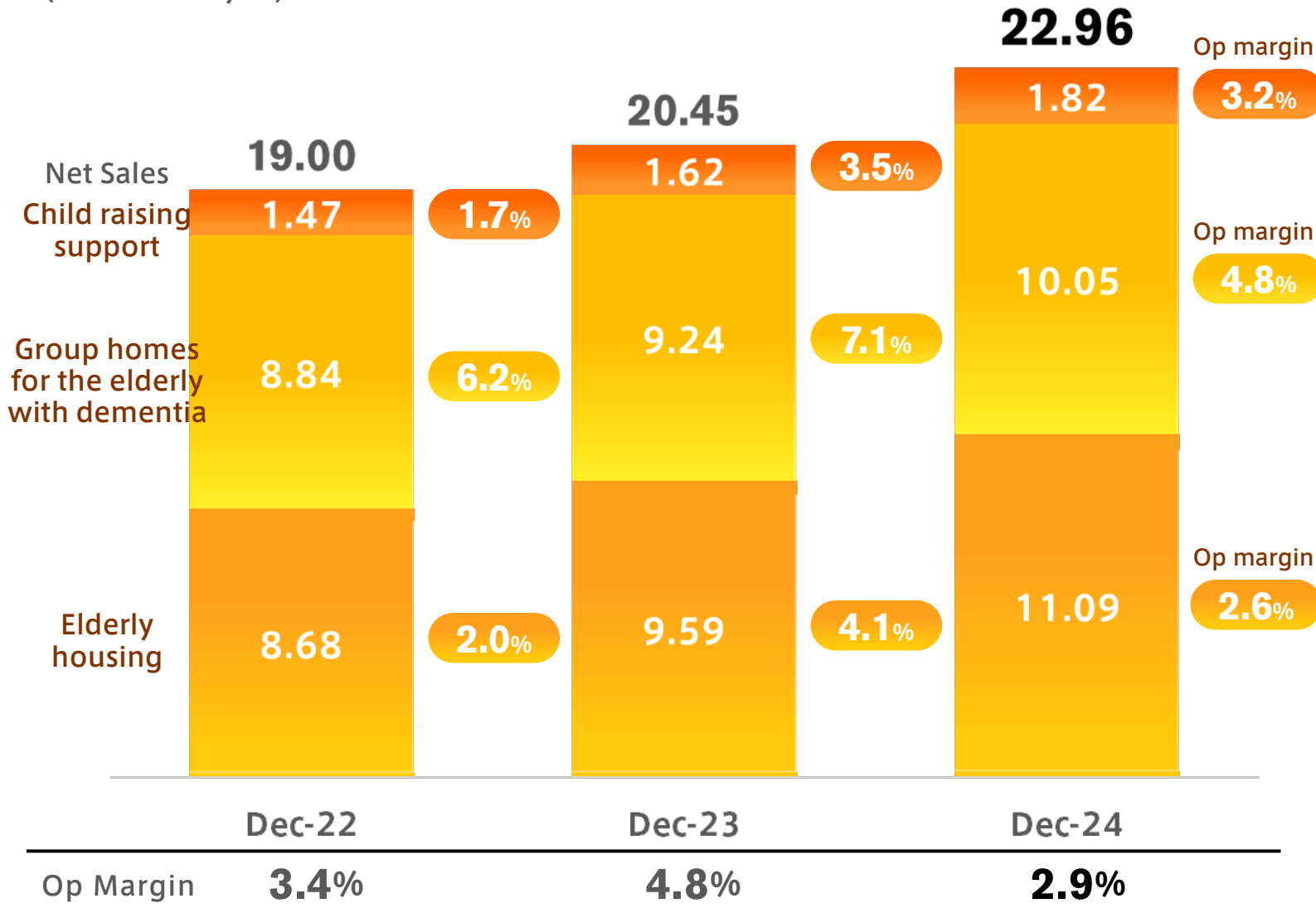
Healthcare and Nursing Domain Business overview

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

- 1) Elderly housing: Planning, development, and operation of serviced apartments for the elderly, bases for elderly care services, etc.
- 2) Group homes for the elderly with dementia: Operation of group homes and planning, development, and operation of related services
- 3) Child raising support: Planning, development, and operation of nursery schools, children's daycare centers, after-school children's clubs, etc.

Summary for the Three Months ended December 31, 2024

(Unit: Billion yen)



Positives

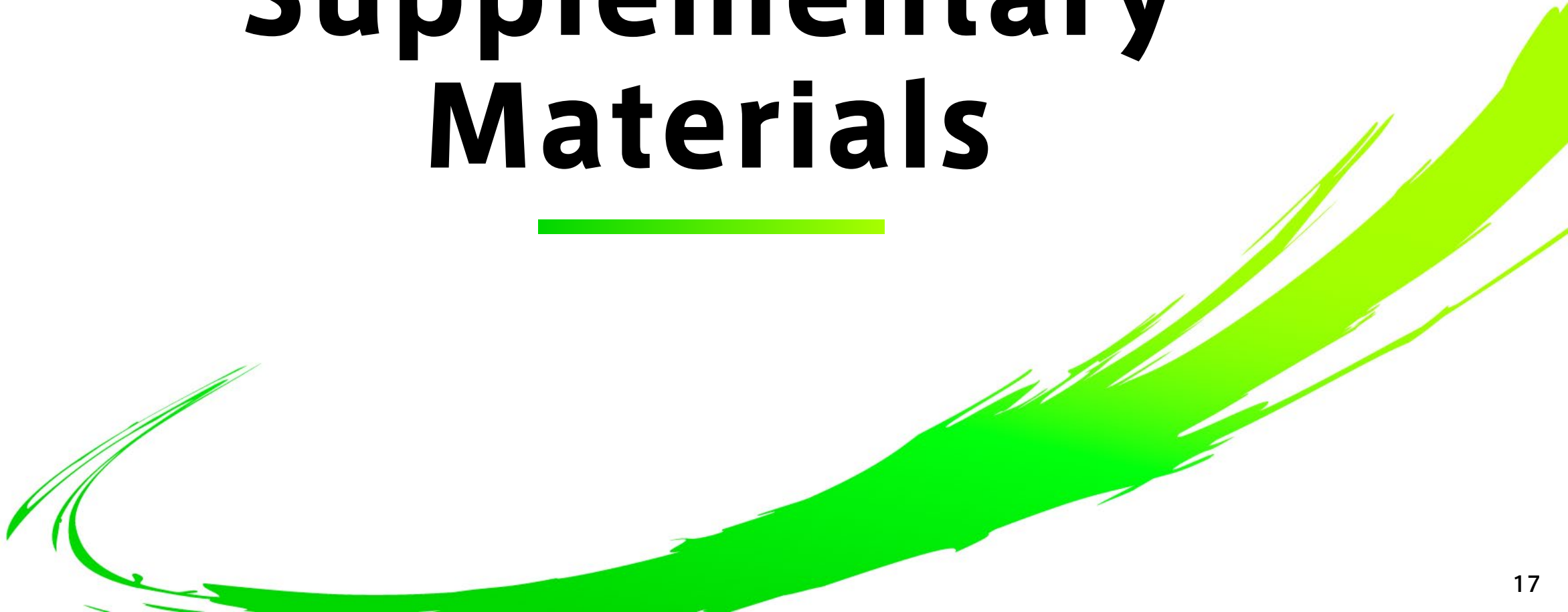
- New openings as scheduled by 1Q.
 - Elderly housing +4
 - Group homes +6
- Occupancy and utilization rates trending at high levels.
 - Elderly housing 96.3%
 - Group homes 97.4%
 - Nursery schools 96.3%

Negatives

- Cost increase due to price hikes in food and other commodities
- Re-increase in prices of utilities during periods of demand
- Temporary decline in occupancy rates due to the enlargement of new buildings in senior housing

Note: Figures are rounded down to the nearest unit.

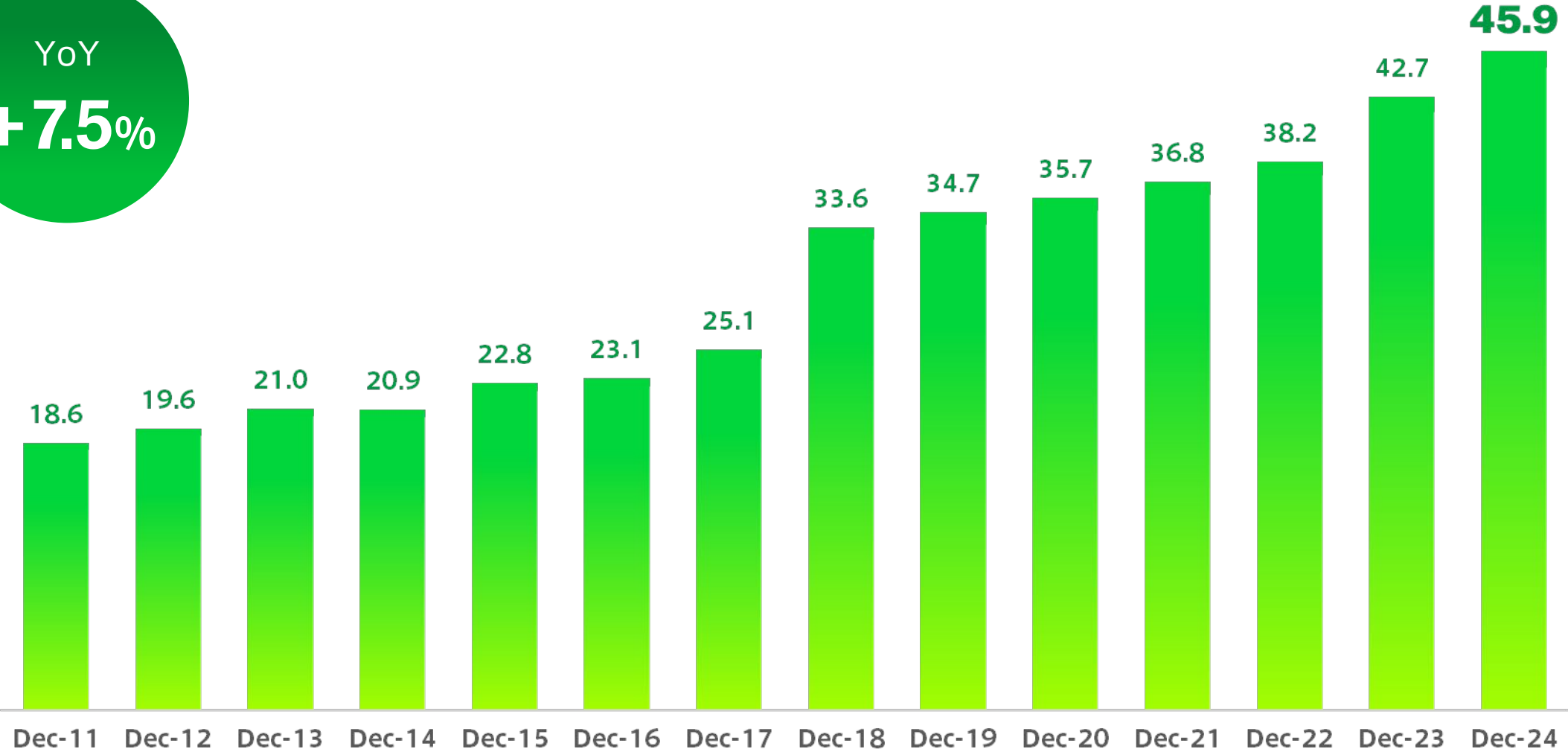
Supplementary Materials



1Q Trends of Net sales

(Unit: Billion yen)

YoY
+7.5%

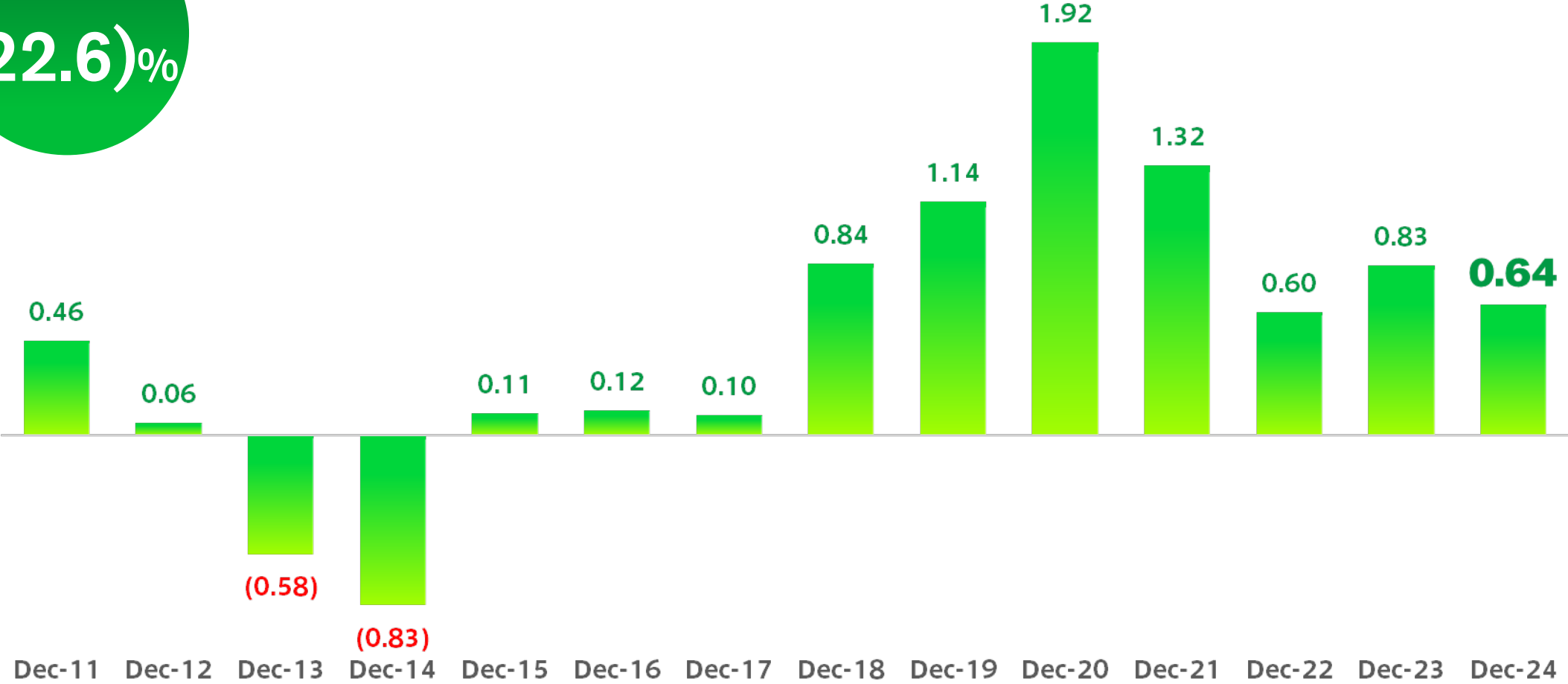


Note: Figures are rounded down to the nearest unit.

1Q Trends of Operating profit

(Unit: Billion yen)

YoY
(22.6)%

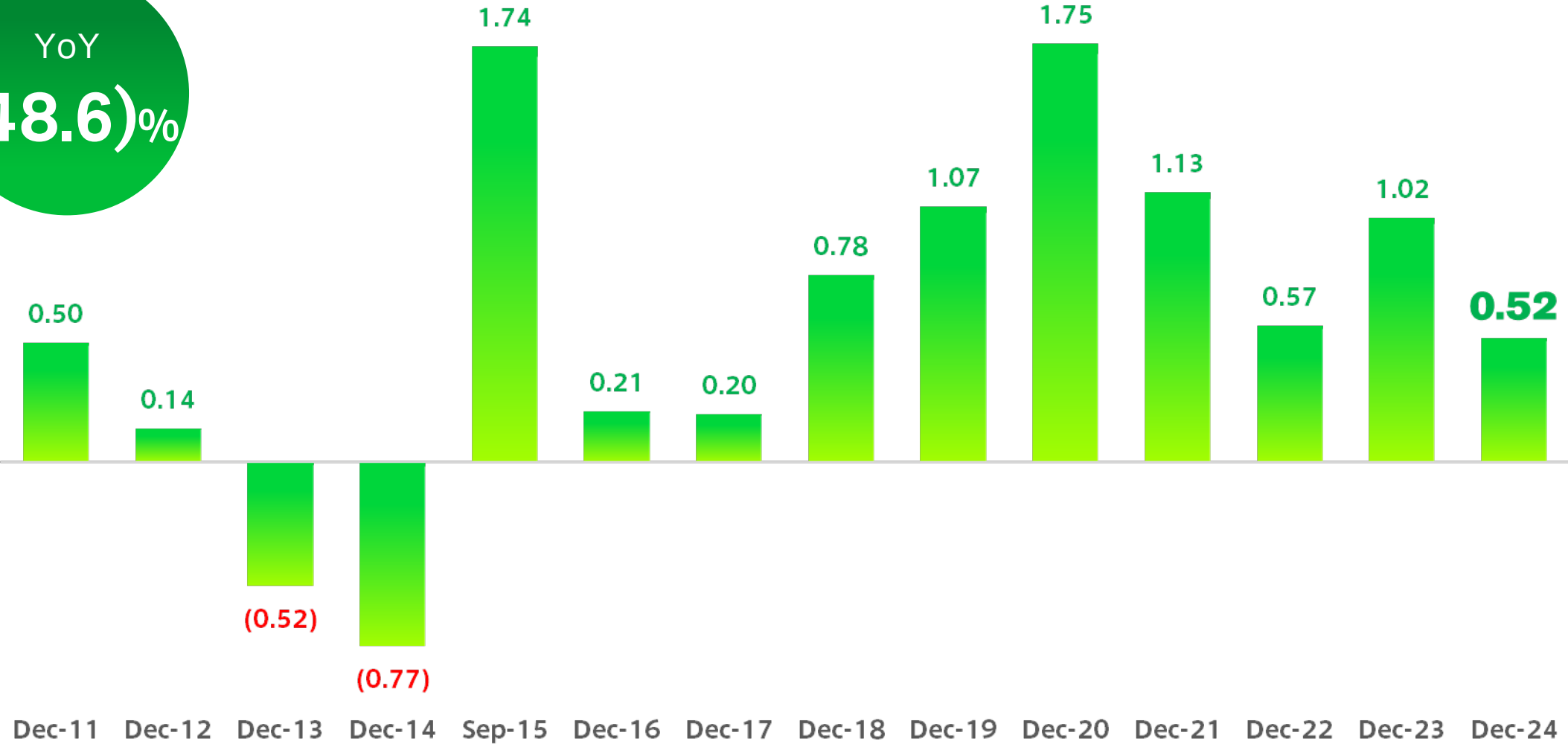


Note: Figures are rounded down to the nearest unit.

1Q Trends of Ordinary profit

(Unit: Billion yen)

YoY
(48.6)%



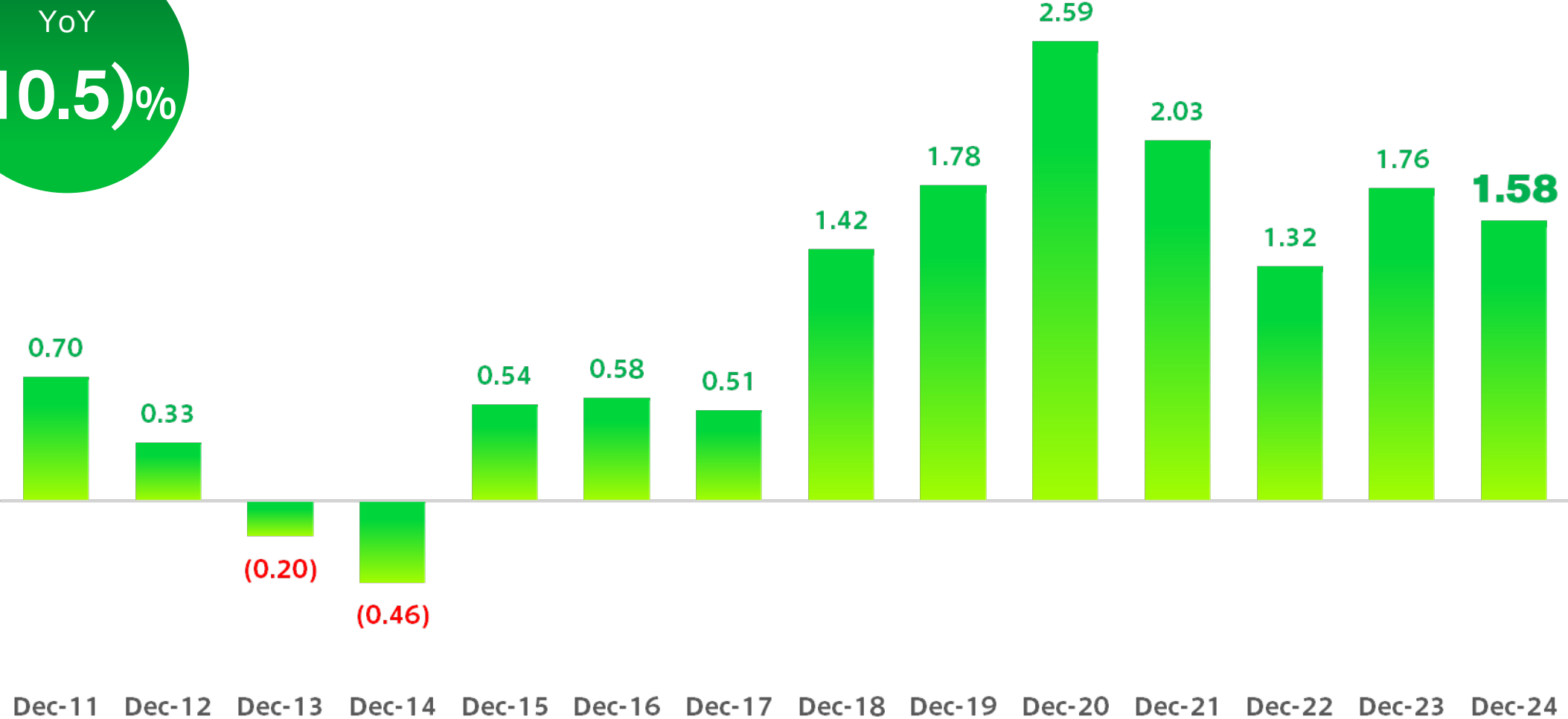
Note: Figures are rounded down to the nearest unit.

1Q Trends of EBITDA*

(Unit: Billion yen)

*A total of operating profit, depreciation, goodwill amortization

YoY
(10.5)%

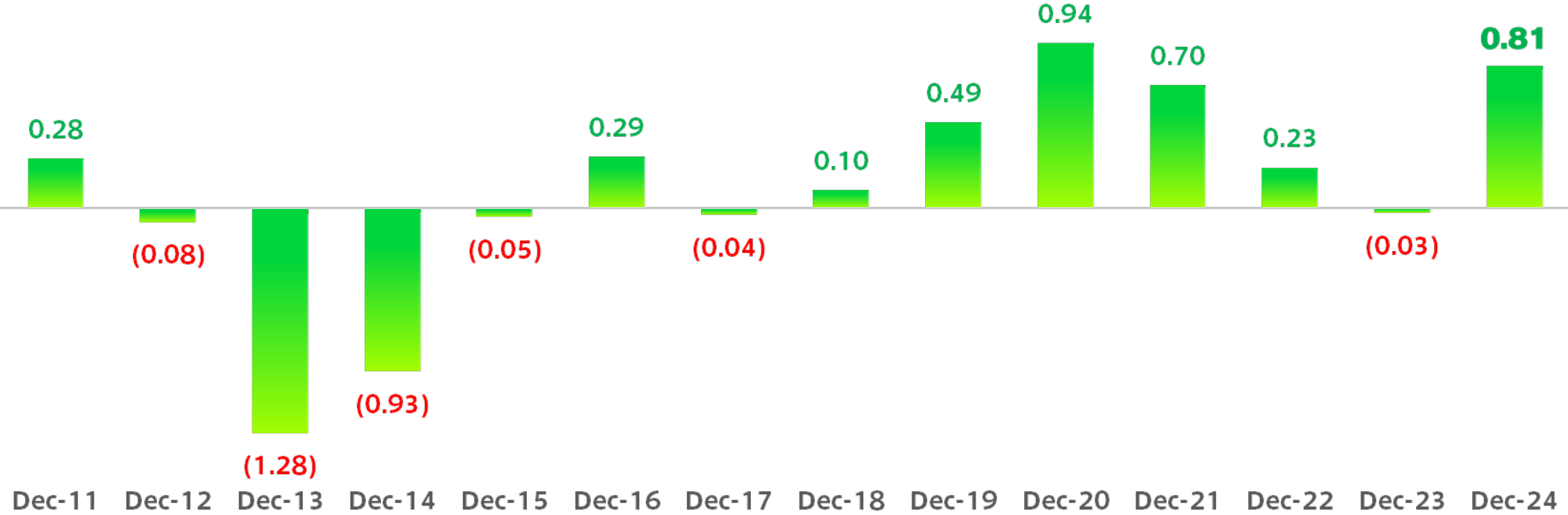


Note: Figures are rounded down to the nearest unit.

1Q Trends of Net profit

(Unit: Billion yen)

YoY
+0.85Bn

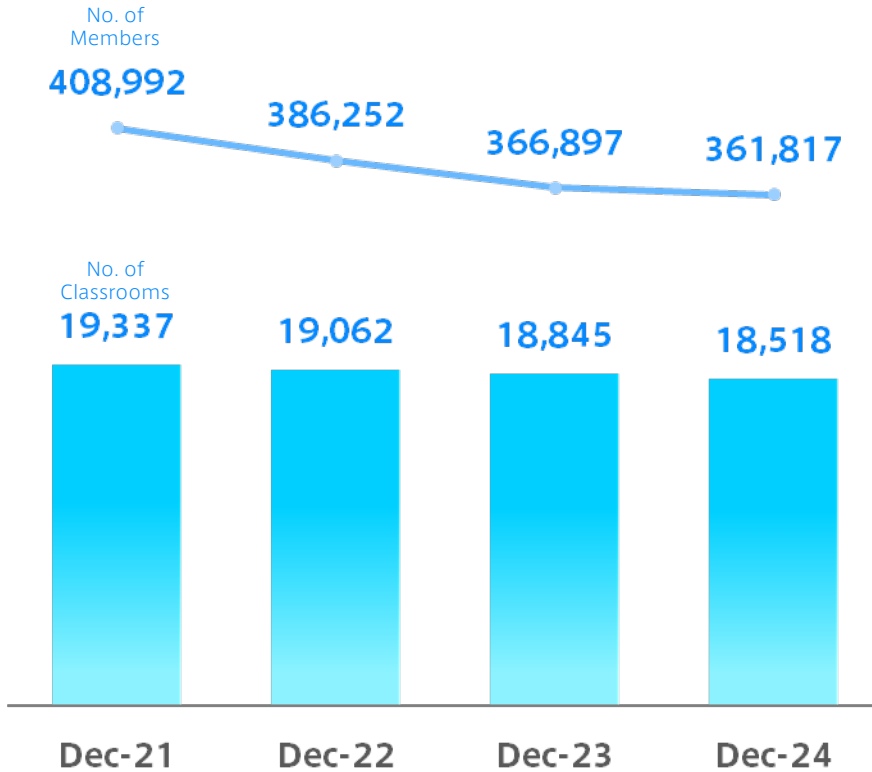


Note: Figures are rounded down to the nearest unit.

No. of Members and Classrooms

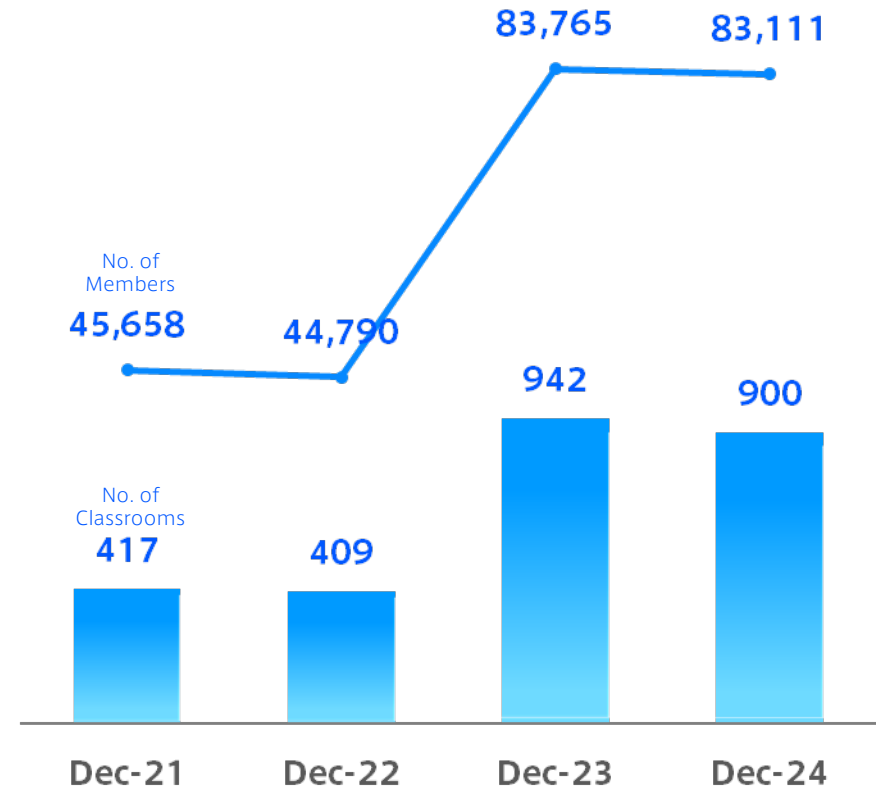
- In the classroom business, the number of new members recovered due to an increase in the number of kindergarten and shopping mall classrooms, but the number of members is still recovering due to a large number of students who graduated or withdrew from the program.
- In the learning center business, the number of centers increased, mainly at Ichishin Holdings. The number of students of the learning center group as a whole is still recovering.

Classrooms



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

Learning centers



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

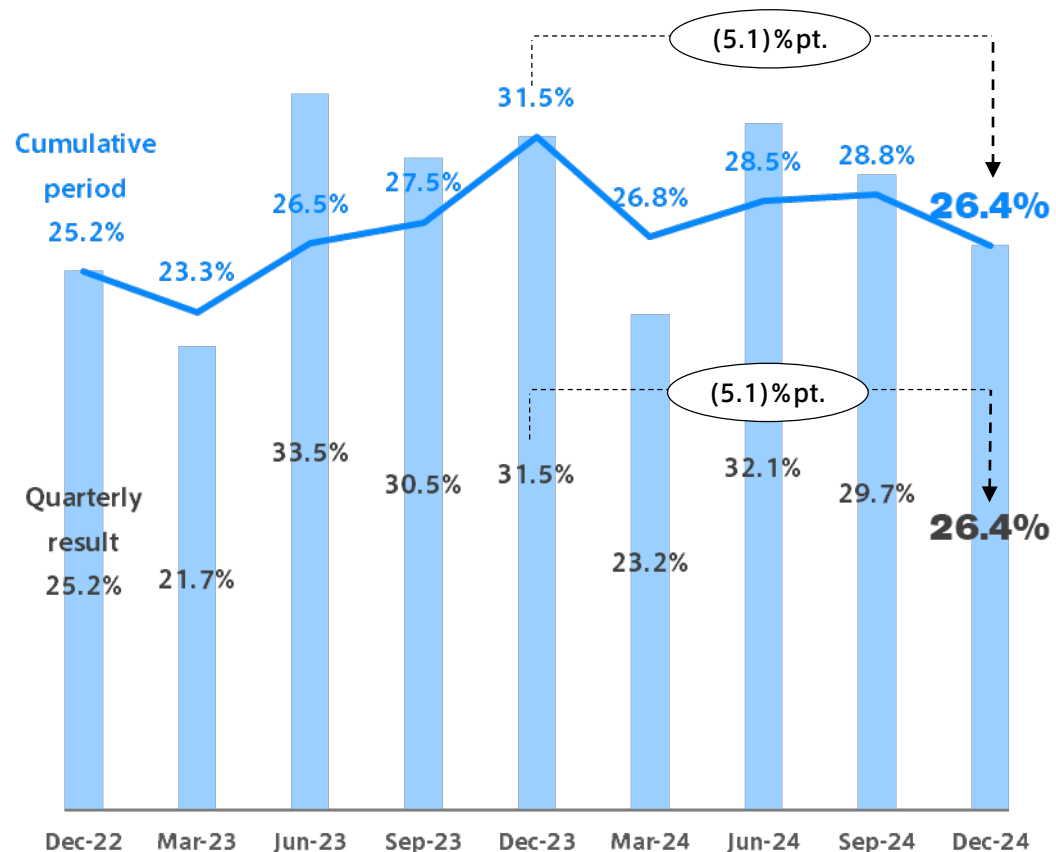
No. of New Publications and Return rate*

- 1Q new book issues increased from last year, but the 1Q return ratio improved to 26.4%, down 5.1% pt. YoY.

No. of new publications (Cumulative period)

	Dec-22	Dec-23	Dec-24
Children's books	46	42	46
Study-aid books	27	22	30
How-to guides	60	40	58
Magazine books	6	11	8
Other publications	24	30	35
Total	163	145	177

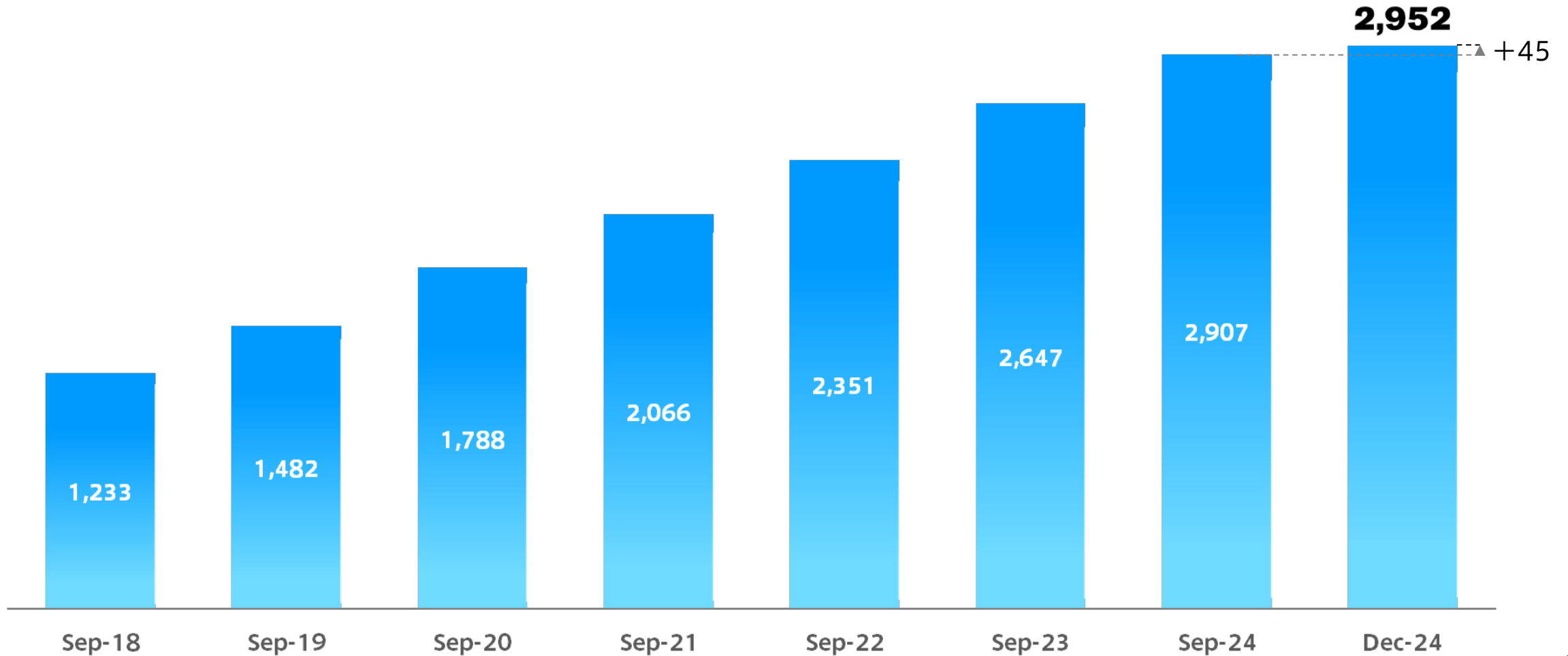
Return rate of publications



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

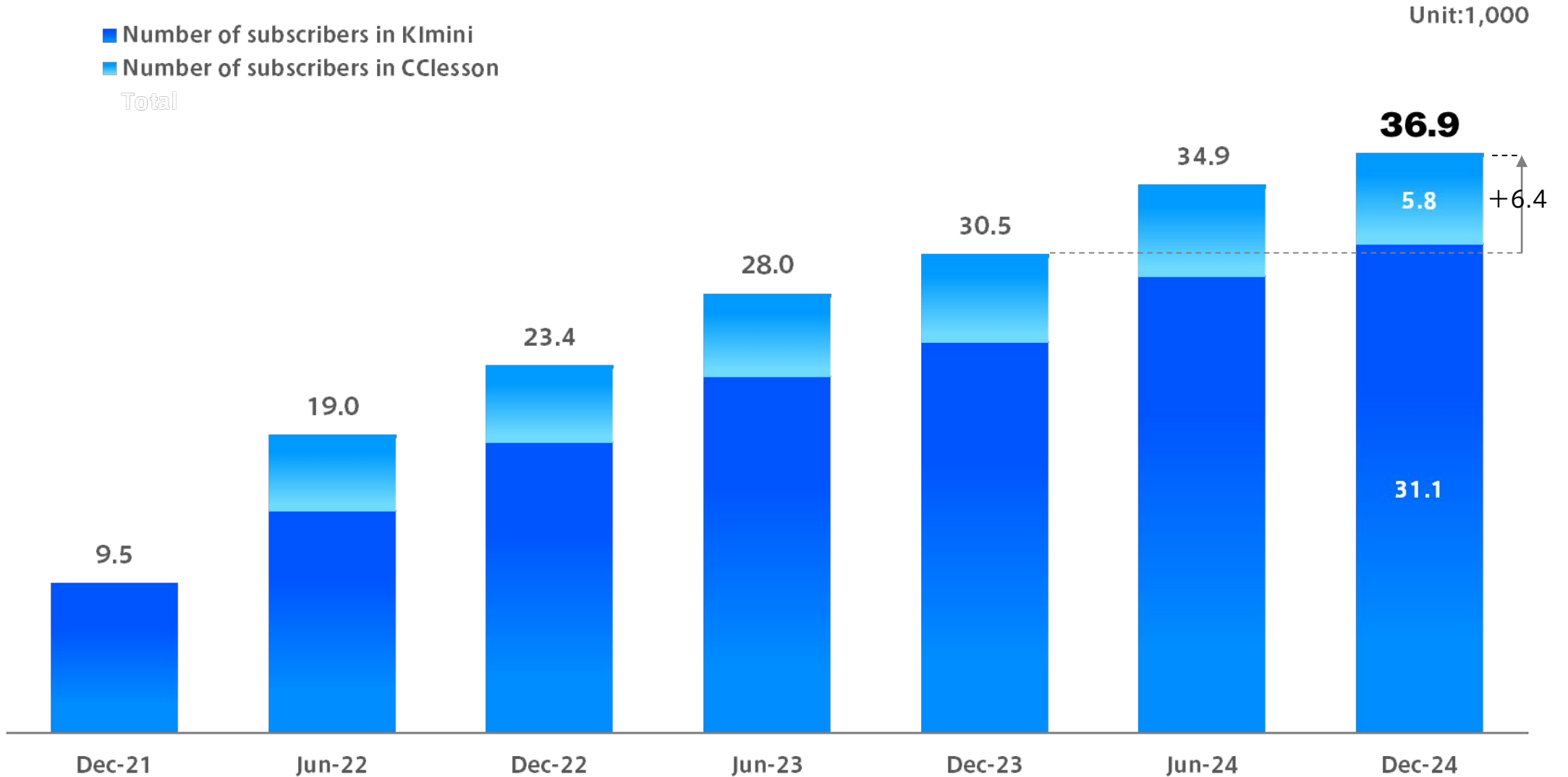
No. of Hospitals using e-learning programs for Nurses

- The trend of increase is usually seen in the 3Q (April onward), which is the new fiscal year for hospitals, and the trend of increase has been maintained in the current fiscal year.



No. of Subscribers in Language Online Lesson

- In addition to increased awareness of Kimini, successful promotions led to steady growth in the number of registered members in both English and Chinese.



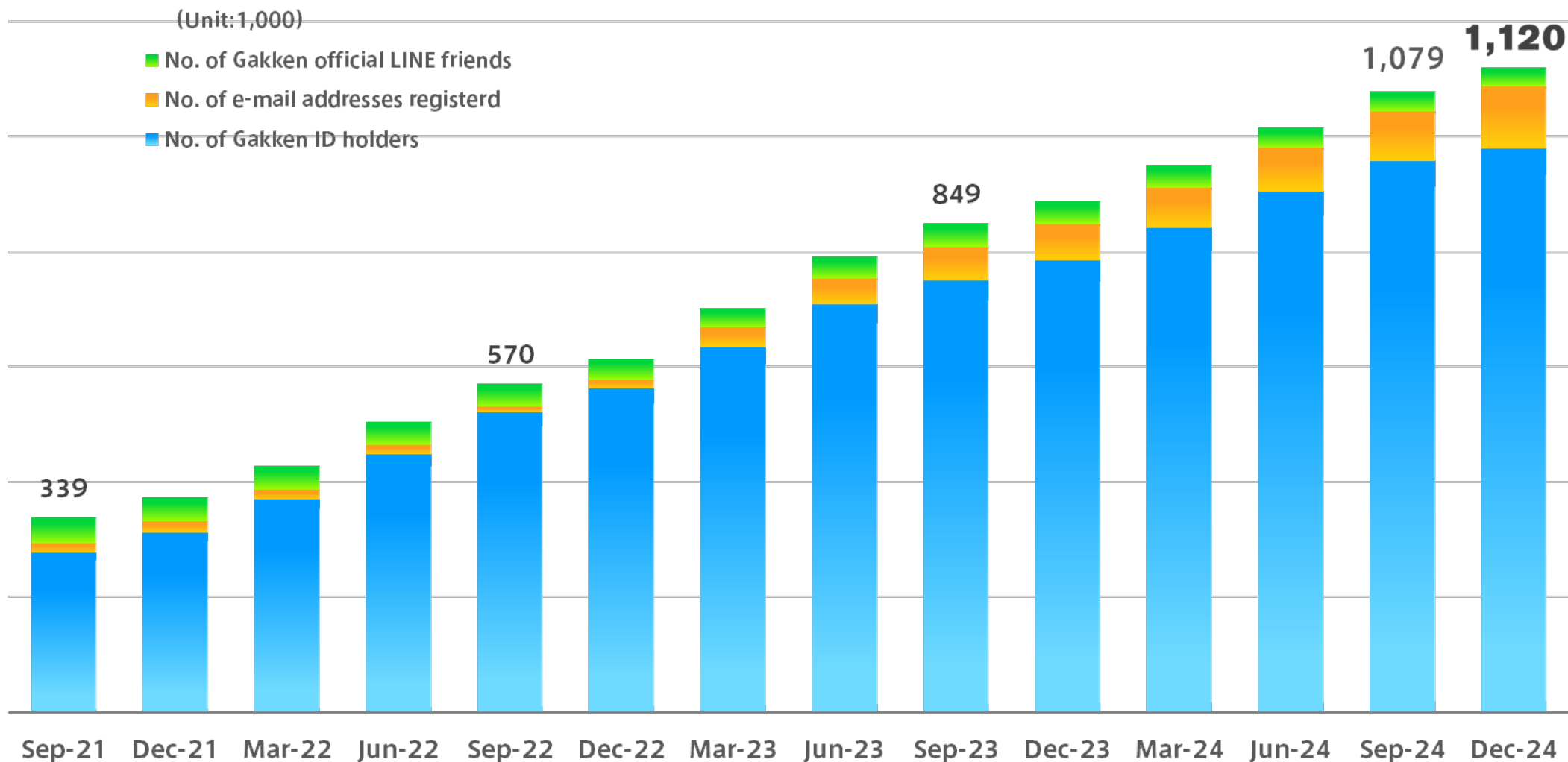
School Textbook Revision Schedule

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

	AY2022	AY2023	AY2024	AY2025	AY2026
Elementary school Health education	△	●	◎		
Elementary school Moral education	△	●	◎		After AY2026 Undecided
Junior high school Physical and health education		△	●	◎	
Junior high school Moral education		△	●	◎	
Senior high school English education	Level I ◎ Level II ● Level III △	Level I Level II ◎ Level III ●	Level I △ Level II Level III ◎	Level I ● Level II △ Level III	Level I ◎ Level II ● Level III △
Senior high school Japanese education	Compulsory ◎ Elective ●	Compulsory Elective ◎	Compulsory △ Elective	Compulsory ● Elective △	Compulsory ◎ Elective ●

Group Direct Touchpoints

- Total number of IDs acquired for each service exceeds 1 million and is still growing steadily.



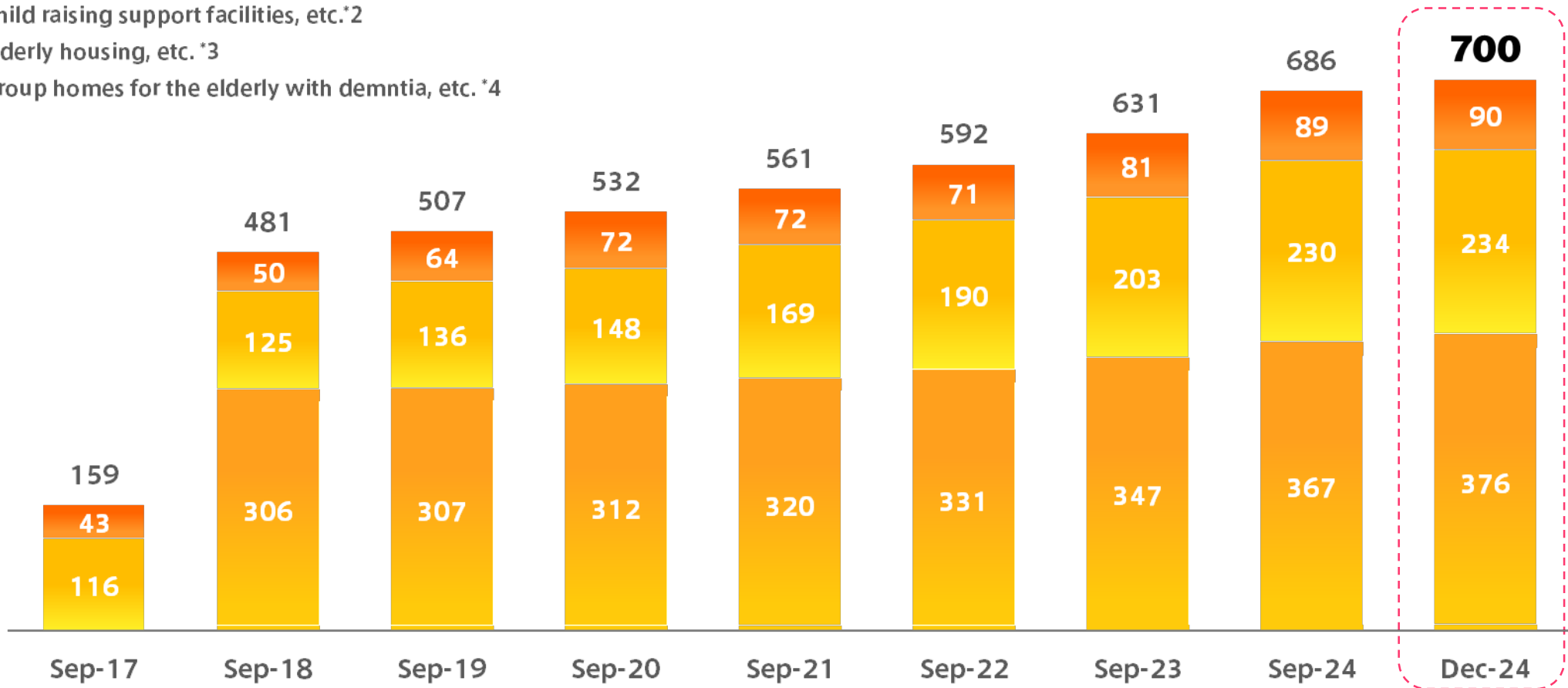
Note: Figures are rounded down to the nearest unit.

Healthcare and Nursing Domain

No. of Facilities*1

- Increasing the number of facilities through aggressive M&A

- Child raising support facilities, etc.*2
- Elderly housing, etc. *3
- Group homes for the elderly with demntia, etc. *4



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

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

*3 Includes facilities in other categories such as home-visit elderly care stations besides serviced apartments for the elderly. The facilities of Grand Unilife Care Service acquired in November 2023 will be included from the second quarter of the fiscal year under review.

*4 Includes facilities in other categories such as specified facilities and small-scale multifunctional in-home nursing care facilities besides group homes for the elderly with dementia.

Plans and Progress of New Facility Openings*1

- Continued aggressive pace of opening new facilities, opening a total of 10 serviced elderly housings and dementia group homes.
- Child raising facilities were opened at child development support facilities, and we expect to increase the number of contracts for school children in the future.

	Sep-24		Sep-25	
	Previous year Result	Full-year Plan	1Q Results	Achievement rate against the plan
Elderly housing	27	24	4 Including 1 M&A	16.7%
Group homes for the elderly with dementia	15	14	6 Including 6 M&A	42.9%
Child raising *2 support facilities	10	11	1	9.1%
Total	52	49	11	22.4%

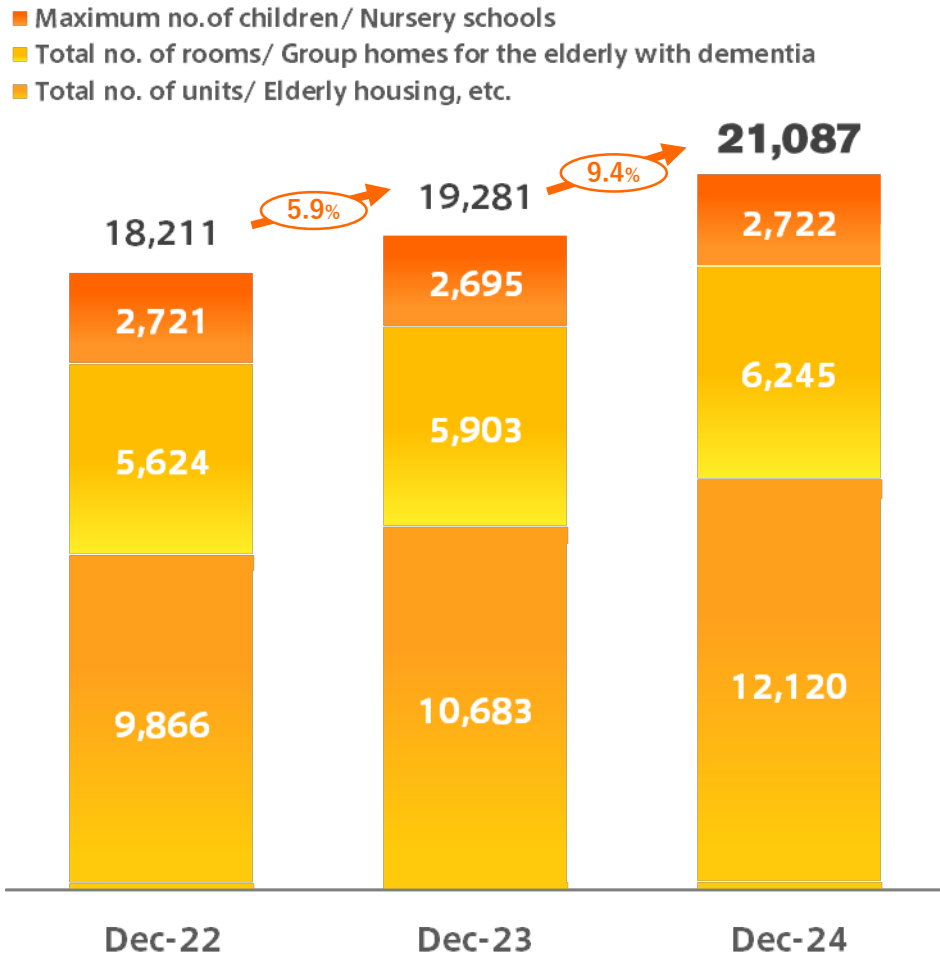
*1 Facilities that closed during the period have not been deducted from the stated figures. Numbers are those of domestic facilities only.

Does not include locations operated by Ichishin Holdings Co., Ltd.

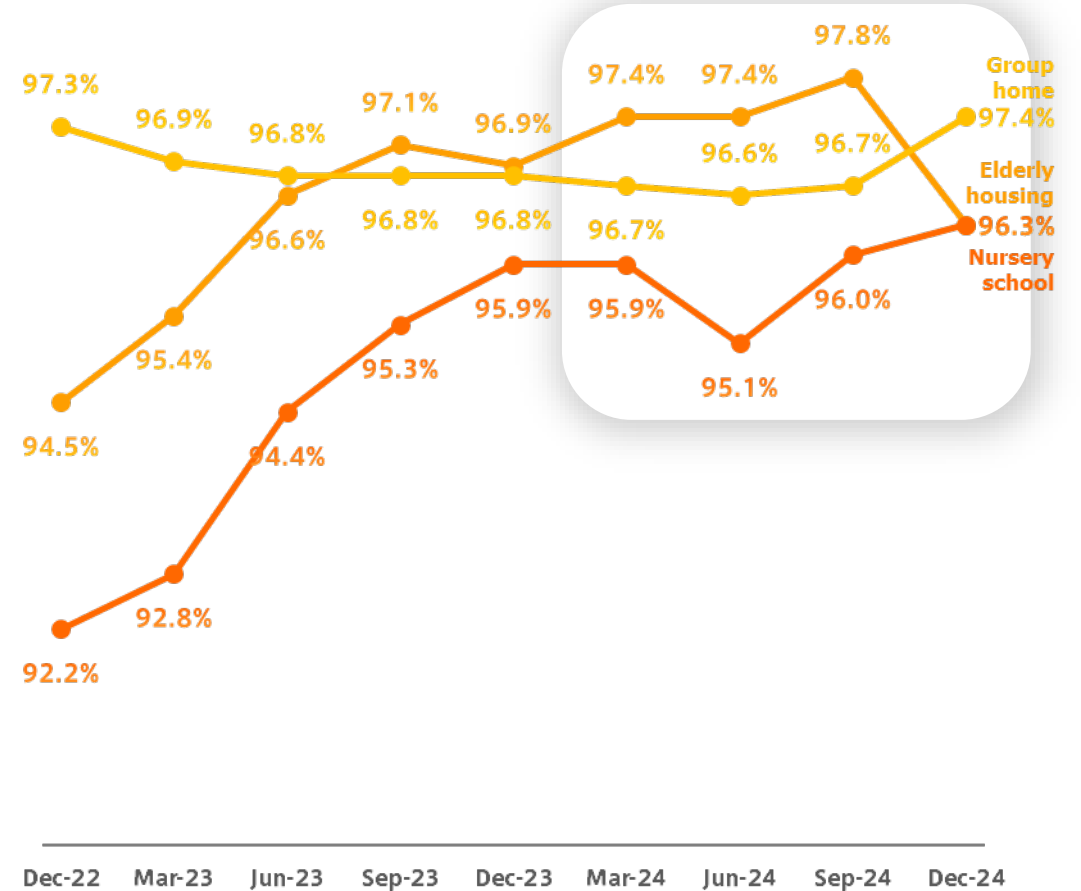
*2 Numbers for child raising support facilities are the totals of nursery schools, after-school children's clubs, child development support facilities, free schools, and learning support facilities.

Capacity expansion and Improvement in status of operations

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



Trend in occupancy rate and utilization rate



Occupancy rate and Utilization rate

		Sep-21	Mar-22	Sep-22	Mar-23	Sep-23	Mar-24	Sep-24	Dec-24
Elderly housing	Total no. of units	8,308	9,037	9,665	9,980	10,361	11,512	11,805	12,120
	No. of occupied units	7,505	8,345	9,073	9,519	10,062	11,210	11,541	11,671
	Occupancy rate	90.3%	92.3%	93.9%	95.4%	97.1%	97.4%	97.8%	96.3%
Group homes for the elderly with dementia	Total no. of rooms ^{*1}	5,372	5,444	5,570	5,687	5,858	5,966	6,137	6,245
	Occupancy rate	97.8%	97.6%	97.7%	96.9%	96.8%	96.7%	96.7%	97.4%
Child raising support facilities	Maximum no. of children ^{*2}	2,661	2,664	2,721	2,721	2,695	2,695	2,722	2,722
	No. of children enrolled	2,443	2,441	2,505	2,524	2,568	2,585	2,613	2,621
	Utilization rate	91.8%	91.6%	92.1%	92.8%	95.3%	95.9%	96.0%	96.3%

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

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

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Gakken

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