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Consolidated Financial Results for the Nine Months Ended June 30, 2024 [Japanese GAAP]



August 9, 2024

Company name: Gakken Holdings Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 9470
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 Scheduled date of commencing dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended June 30, 2024 (October 1, 2022 to June 30, 2024)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended June 30, 2024	138,151	15.7	515	56.0	5,119	46.8	1,870	62.3
June 30, 2023	119,361	2.0	3,307	(30.9)	3,486	(30.4)	1,153	(59.5)

(Note) Comprehensive income: Nine months ended June 30, 2024: ¥2,216 million [(3.5) %]

Nine months ended June 30, 2023: ¥2,297 million [4.8 %]

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended June 30, 2024	43.72	43.39
June 30, 2023	26.20	25.97

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	132,520	54,106	39.1
As of September 30, 2023	136,328	55,034	38.7

(Reference) Equity: As of June 30, 2024: ¥51,816 million

As of September 30, 2023: ¥52,748 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	—	12.50	—	12.50	25.00
Fiscal year ending September 30, 2024	—	12.50	—		
Fiscal year ending September 30, 2024 (Forecast)				12.50	25.00

(Note) Revision of dividends forecast since the last announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	12.7	6,400	3.7	6,600	1.9	2,700	(15.5)	63.09

(Note) Revision of financial results forecast since the last announcement: None

* Notes:

(1) Significant Changes in the scope of consolidation during the period under review: Yes

Newly added: 1 (Name) Grand Unilife Care Service Co., Ltd. Excluded: – (Name) –

(2) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 44,633,232 shares

September 30, 2023: 44,633,232 shares

2) Total number of treasury shares at the end of the period:

June 30, 2024: 2,415,788 shares

September 30, 2023: 525,839 shares

3) The average number of shares during the period:

Nine months ended June 30, 2024: 42,796,528 shares

Nine months ended June 30, 2023: 44,035,418 shares

The Company has a trust-type employee shareholding incentive plan in place. The average number of shares during the period is calculated with the number of treasury shares deducted; the number of treasury shares deducted includes the number of the Company's shares held under this plan by The Nomura Trust & Banking Co., Ltd. (the dedicated trust account for Gakken Employees' Shareholding Association): 6,660 shares at the end of the nine months ended June 30, 2023.

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing corporation: None

* Proper use of earnings forecasts, and other special matters

(Note on forward-looking statements, etc.)

Financial performance forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions it deems rational. The actual results may vary significantly due to various factors.

Table of Contents - Attachments

1. Qualitative Information on Financial Results for the Period under Review	2
(1) Explanation of Business Results	2
(2) Explanation of Financial Position	7
(3) Consolidated Financial Results Forecast and Other Forward-looking Statements	7
2. Quarterly Consolidated Financial Statements and Primary Notes	8
(1) Quarterly Consolidated Balance Sheets	8
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	10
(3) Notes to the Quarterly Consolidated Financial Statements	12
(Notes on Going Concern Assumption)	12
(Notes When There Are Significant Changes in Amounts of Equity)	12
(Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements)	12
(Segment Information, etc.).....	13
(Notes to Quarterly Consolidated Statements of Cash Flows)	14

1. Qualitative Information on Financial Results for the Period under Review

(1) Explanation of Business Results

In the domestic economy, the Nikkei Stock Average exceeded 39,000 yen at the end of June and has remained in the 40,000yen range since then, and the household survey report for July 2024 showed the first real increase in actual income for working households in 20 months. However, prices have also continued to rise due to the weakening of the yen in the foreign exchange market, and consumption expenditures have turned downward due to a decrease in spending on culture and entertainment services.

Under the market conditions described above, consolidated net sales for the first nine months of the current fiscal year were 138,151 million yen (up 15.7% YoY), operating profit was 5,159 million yen (up 56.0% YoY), ordinary profit was 5,119 million yen (up 46.8% YoY), and net income attributable to owners of the parent was 1, 870 million yen (up 62.3% YoY).

Net sales increased 18,789 million yen YoY due to growth in sales of Workforce development and language learning in the Education domain and textbooks and instructional materials for elementary schools in the School business, an increase in facilities and high occupancy rates in the Healthcare and Nursing domain, and the consolidation of Ichishin Holdings and N.E. Holdings since the fourth quarter of the previous fiscal year and Grand Uni Life Care Service since the second quarter of this fiscal year.

Operating profit increased by 1,851million yen YoY due to the above-mentioned increase in revenue as well as a restructuring of unprofitable businesses.

Ordinary profit increased by 1,632million yen YoY due to an increase in operating profit and a decrease in foreign exchange losses, despite a decrease in equity in earnings of affiliates.

Net profit attributable to shareholders of the parent company increased by 717million yen YoY, partly due to the impact of the loss on sales of shares recorded in the first quarter.

Business performance by segment is summarized below.

(Million yen)

	Nine months ended June 30, 2023		Nine months ended June 30, 2024		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Reportable segments						
Education domain	57,268	1,956	69,140	2,918	11,872	962
Healthcare and nursing Domain	57,721	2,451	64,368	3,166	6,646	714
Other	4,371	334	4,641	417	269	82
Adjustment	—	△1,434	—	△1,342	—	92
Group total	119,361	3,307	138,151	5,159	18,789	1,851

I. Renaming and removal of businesses (medium classification)

- 1) The former category “medical and nursing business” in the publishing and content business was removed as a result of the reclassification of individual businesses.
- 2) The former category “businesses other than publishing” in the publishing and content business was renamed as “workforce development and language learning business” in the same category.
- 3) The former category “working adult business” in the kindergarten and school business was removed as a result of reclassification of individual businesses.

II. Reclassification and transfer of individual businesses (small category)

- 1) Business of publishing and selling learning materials, etc. for learning centers: [Old] Publishing and content business > Publishing business → [New] Classroom and learning center business > Learning center business
- 2) Business of publishing and selling books on medicine and nursing: [Old] Publishing and content business > Medical and nursing business → [New] Same > Publishing business
- 3) Business of e-learning for nurses: [Old] Publishing and content business > Medical and nursing business → [New] Same > Workforce development and language learning business
- 4) Corporate training business: [Old] Kindergarten and school business > Working adult business → [New] Publishing and content business > Workforce development and language learning business
- 5) Elderly care service business of Ichishin Holdings Co., Ltd.: [Old] Healthcare and nursing Domain > Group homes for the elderly with dementia business → [New] Education domain > Classroom and learning center business > Learning center business

Classification of the Group’s products and services after incorporating the above changes is as follows:

Reporting segment	Large classification	Medium classification	Individual business (small classification)
Education domain	Classroom and learning center business	Classroom business	Operation of classrooms for a range of children from preschoolers to junior high school students (mainly elementary school students)
		Learning center business	Operation of learning centers for a range of children from elementary school students to senior high school students
			Publishing and sale of learning materials for learning centers, assessment, and other materials
	Publishing and content business	Publishing business	Publishing and sale of publications through distributors and bookstores
		Workforce development and language learning business	Operation of e-learning for training programs targeting nurses
			Operation of online English conversation services
			Operation of experience-based English learning facilities
			Sale of corporate training contents and services
Healthcare and nursing Domain	Kindergarten and school business	Preschooler business	Procurement, planning, production, and sale of publications, child-care products, equipment, and playground equipment for kindergartens and nursery schools, as well as apparel items for teachers
		School business	Planning, production, and sale of textbooks, instruction guides for teachers, supplemental, digital learning materials, special needs education materials, and short essay tutoring services
	Elderly housing business		Planning, development, and operation of bases for elderly care services, mainly serviced apartments for the elderly
Other Domain	Group homes for the elderly with dementia business		Planning, development, and operation of bases for elderly care services, mainly group homes for the elderly with dementia
	Child raising support business		Development, and operation of nursery schools, daycare centers, afterschool children’s clubs, etc.
			Logistics business, operation of relevant systems, undertaking of contract work, etc.
			Planning, contract work, and implementation of ODA business, and promotion of the Group’s overseas business
			Planning and development of digital products and support for Group DX

[Education domain]

Net sales: 69,140 million yen (Up 20.7% YoY) / Operating profit: 2,918 million yen (Up 962 million yen or 49.2% YoY)
(Million yen)

	Nine months ended June 30, 2023		Nine months ended June 30, 2024		Change	
Main businesses	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Classroom and learning center business	26,649	684	39,181	817	12,531	133
Publishing and content business	20,355	1,331	19,474	1,561	(880)	229
Kindergarten and school business	10,263	55	10,484	852	221	797
Goodwill	—	(115)	—	(313)	—	(198)
Segment total	57,268	1,956	69,140	2,918	11,872	962

*The figures for the previous fiscal year have been retroactively adjusted due to business reclassification.

(Classroom and learning center business)

Net sales: 39,181 million yen (Up 40.7% YoY) / Operating profit: 817 million yen (Up ¥133 million or 19.5% YoY)

In the Classrooms and Learning centers business, the environment has been prone to customer attrition after the disaster of COVID19 due to the declining birthrate, which led to the enrollment of all public high schools, and the impact of general families spending less on education, but signs of a gradual recovery are beginning to emerge. In the Learning center business, there has been a marked recovery in the high school student sector, where demand for individual tutoring has increased, and the use of Wingnet has played a role in this turnaround. In addition, each company is focusing on preventing students from leaving the Learning center, and the results of these efforts are beginning to emerge. In the classroom business, Gakken Schools secured a large increase in new classrooms over the previous year, and this has been the driving force behind a recovery in membership.

Within this context, net sales increased due to the consolidation of Ichishin Holdings and N.E. Holdings, which were included in the group from the previous fiscal year, in the Learning center business, despite the impact of a decline in the number of preschool and elementary school students, the main customers for the Classrooms and Learning centers business.

Operating profit also increased, partly due to the consolidation of the two new companies mentioned above, despite a decrease in revenue from the classroom business.

(Publishing and content business)

Net sales: 19,474million yen (Down 4.3% YoY) / Operating profit: 1,561million yen (Up ¥229 million yen or 17.2% YoY)

In the Publishing Contents Business, the number of bookstores and print publications are declining, but opportunities to acquire information and learn through non-paper media and tools are increasing. In such an environment, if we look at the third quarter alone, the return rate has improved from the previous year, and there are signs of improvement in the increasing trend of returns.

Sales in some businesses grew steadily, such as " Chikyu-no-Arukikata" in the publishing business, which continued to be a hit with the J series focusing on domestic regions and collaborations with popular IPs, an increase in the number of hospitals contracted for e-learning for nurses in the Workforce development and language learning business, and an increase in the number of students of the online English conversation service "Kimini". However, overall sales decreased due to the significant impact of struggling sales of children's books in the publishing business and the impact of the change of an educational toy sales company, formerly in the non-publishing business, to an equity method affiliate from the fourth quarter of the previous fiscal year.

Operating profit increased due to higher sales in " Chikyu-no-Arukikata", growth in the Workforce development and language learning business, and a decrease in expenses resulting from the conversion of an educational toy sales company into an equity-method affiliate.

(Kindergarten and school business)

Net sales: 10,484 million yen (Up 2.2% YoY) / Operating profit: 852 million yen (Up 797 million yen or 1,428.2% YoY)

In the kindergarten and school business, the number of children in kindergartens and kindergartens continues to decline. In school education, there is a need to respond to new learning guidelines, such as the digitalization of textbooks and GIGA school adaptation.

In this environment, net sales declined in the preschooler business, due largely to factors that reduced the number of kindergarten and preschool students. However, in the school business, textbooks for elementary schools were revised this fiscal year, resulting in a YoY increase in the number of textbooks sold, as well as subject instruction books, supplementary reading books, etc., and an overall increase in sales of Kindergarten and school business.

Operating profit also increased due to higher revenue from the revision of textbooks in the school business and an increase in the number of instructional books sold.

[Healthcare and nursing Domain domain]

Net sales: 64,368 million yen (Up 11.5% YoY) / Operating profit: 3,166 million yen (Up 714 million yen or 29.1% YoY)
(Million yen)

	Nine months ended June 30, 2023		Nine months ended June 30, 2024		Change	
Main businesses	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Elderly housing business	26,527	984	30,895	1,653	4,367	669
Group homes for the elderly with dementia business	26,549	1,722	28,225	1,757	1,676	34
Child raising support business	4,644	92	5,247	195	602	102
Goodwill	—	(347)	—	(440)	—	(92)
Segment total	57,721	2,451	64,368	3,166	6,646	714

(Elderly housing business)

Net sales: 30,895 million yen (Up 16.5% YoY) / Operating profit: 1,653 million yen (Up 669million or 68.0% YoY)

In the elderly housing business, although the challenging environment continues for new openings due to soaring construction costs, sales activities in each area are steadily capturing the needs for resettlement after COVID 19 disasters, and we are responding to increasing demand by increasing the number of units per building and continuing M&A and business succession activities. We are responding to increasing demand by increasing the number of units per building and continuing M&A and business succession activities.

Net sales increased due to the opening of a total of 11 new elderly housing facilities by the end of this third quarter (9 internally developed and 2 through M&A), the continued high occupancy rate of approximately 97%, and the consolidation of Grand Uni Life Care Service (with 15 facilities) from the 2Q of this fiscal year.

Operating profit also increased due to the consolidation of the above mentioned Grand Uni Life Care Service and high occupancy rates, despite higher prices for foodstuffs and supplies and labor costs.

(Group homes for the elderly with dementia business)

Net sales: 28,225 million yen (Up 6.3% YoY) / Operating profit: 1,757 million yen (Up 34million yen or 2.0% YoY)

In the Group homes for the elderly with dementia business, the number of late-stage elderly people aged 75 and over continues to increase, and the importance of dementia care is growing every year.

Under such circumstances, the number of locations has steadily expanded, with a total of 13 new buildings opened by the end of the quarter, eight developed in-house and five through mergers and acquisitions. Net sales increased due to the increase in the number of locations and the continued high existing occupancy rate of approximately 96%.

Operating profit also increased due to the effect of higher sales, despite the impact of higher prices for food ingredients and other items and upfront investments in new businesses.

(Child raising support business)

Net sales: 5,247 million yen (Up 13.0% YoY) / Operating profit: 195 million yen (Up 102million yen or 110.8% YoY)

In the childcare support business, the number of children on waiting lists has largely been eliminated outside of the Tokyo metropolitan area due to the decline in the number of births and the promotion of the development of licensed nursery schools, but the need of children's club for afterschool activities known as the "first grade barrier," is increasing year by year due to the increase in dual-income households.

In this environment, net sales increased due to a continued high and stable nursery school capacity utilization rate of approximately 95%, as well as the stabilization of operations at newly commissioned children's club for afterschool activities.

Operating profit also increased due to an increase in the number of nursery school children.

(Other)

Net sales: 4,641 million yen (Up 6.2% YoY) / Operating profit: 417 million yen (Up 82million yen or 24.7% YoY)

In the Other Business, in Southeast Asia, the number of children is increasing and demand for investment in education is rising. In addition, the use of digital educational materials and tools at home, Learning centers, and schools is increasing at an accelerating pace, making it imperative to develop a set-up for product and service development.

Within this environment, net sales increased due to strong growth in ODA for emerging countries in the global business and in the overseas expansion support business for companies in the private sector.

Operating profit increased from the same period of the previous year due to the aforementioned growth in the ODA business, despite continued strategic investments in the digital field, particularly in the qualification business.

(2) Explanation of Financial Position

(Million yen)

Item	As of September 30, 2023	As of June 30, 2024	Change
Current assets	62,620	65,152	2,531
Cash and deposits	20,836	22,101	1,265
Non-current assets	73,707	67,368	(6,339)
Total assets	136,328	132,520	(3,807)
Current liabilities	44,550	46,146	1,595
Non-current liabilities	36,743	32,268	(4,474)
Total liabilities	81,294	78,414	(2,879)
Interest-bearing debt ^{*1}	43,371	40,597	(2,774)
Total net assets	55,034	54,106	(928)
Total liabilities and net assets	136,328	132,520	(3,807)
Equity ratio (%) ^{*2}	38.7	39.1	0.4
D/E ratio (times) ^{*3}	0.82	0.78	(0.04)

*1: Interest-bearing debt = Borrowings + Bonds payable + Lease obligations

*2: Equity ratio = Equity / Total assets

*3: D/E ratio = Interest-bearing debt / Equity

The total assets for the third quarter of the fiscal year ending September 30, 2024 amounted to ¥132,520 million, decreasing by ¥3,807 million from the end of the preceding fiscal year. The main changes were an increase of ¥1,265 million in cash and deposits, an increase of ¥2,193 million in notes and accounts receivable - trade, a decrease of ¥326 million in merchandise and finished goods, an increase of ¥375 million in intangible assets, and a decrease of ¥9,296 million in investment securities.

The total liabilities amounted to ¥78,414 million, decreasing by ¥2,879 million from the end of the preceding fiscal year. The main changes were an increase of ¥311 million in notes and accounts payable - trade, a decrease of ¥3,506 million in short-term borrowings, and an increase of ¥1,279 million in long-term borrowings.

The total net assets amounted to ¥54,106 million, decreasing by ¥928 million from the end of the preceding fiscal year. The main changes were an increase of ¥791 million in retained earnings, an increase of ¥1,877 million in treasury shares, and an increase of ¥365 million in Valuation difference on available-for-sale securities.

(3) Consolidated Financial Results Forecast and Other Forward-looking Statements

There is no change from the consolidated earnings forecast announced on November 10, 2023. The impact of the Long term care insurance fee revision on the Company's performance for the current fiscal year is judged to be negligible.

	Consolidated Financial Results for the Fiscal Year Ending September 30, 2023	Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024	Changes
Net Sales	164,116 Million yen	185,000 Million yen	+12.7 %
Operating Profits	6,170 Million yen	6,400 Million yen	+3.7 %
Ordinary Profits	6,477 Million yen	6,600 Million yen	+1.9 %
Profit attributable to owners of parent	3,194 Million yen	2,700 Million yen	(15.5) %
Profit per share	72.51 yen	63.09 yen	(13.0) %

The above forecasts are determined based on information currently available to the Company and include potential risks and uncertainties. Please note that actual performance may vary significantly due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of September 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	20,836	22,101
Notes and accounts receivable - trade	21,919	24,113
Merchandise and finished goods	9,606	9,279
Real estate for sale	386	827
Work in process	2,429	2,426
Raw materials and supplies	211	160
Other	7,271	6,267
Allowance for doubtful accounts	(41)	(25)
Total current assets	62,620	65,152
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,064	13,224
Machinery, equipment and vehicles, net	56	74
Land	4,499	4,552
Construction in progress	10	174
Other, net	1,557	1,538
Total property, plant and equipment	19,189	19,564
Intangible assets		
Goodwill	7,754	10,091
Other	3,189	3,308
Total intangible assets	10,943	13,399
Investments and other assets		
Investment securities	27,640	18,344
Other	16,124	16,171
Allowance for doubtful accounts	(190)	(112)
Total investments and other assets	43,574	34,403
Total non-current assets	73,707	67,368
Total assets	136,328	132,520

	As of September 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,834	7,146
Short-term borrowings	6,956	3,450
Current portion of bonds payable	-	6,000
Current portion of long-term borrowings	10,245	9,784
Income taxes payable	1,347	459
Provision for bonuses	2,326	1,922
Other	16,840	17,382
Total current liabilities	44,550	46,146
Non-current liabilities		
Bonds payable	6,000	—
Long-term borrowings	19,052	20,331
Retirement benefit liability	4,684	4,708
Other	7,006	7,228
Total non-current liabilities	36,743	32,268
Total liabilities	81,294	78,414
Net assets		
Shareholders' equity		
Share capital	19,817	19,817
Capital surplus	12,370	12,299
Retained earnings	17,433	18,225
Treasury shares	(315)	(2,192)
Total shareholders' equity	49,306	48,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,857	2,223
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	271	299
Remeasurements of defined benefit plans	1,310	1,142
Total accumulated other comprehensive income	3,441	3,665
Share acquisition rights	229	203
Non-controlling interests	2,056	2,086
Total net assets	55,034	54,106
Total liabilities and net assets	136,328	132,530

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Million yen)

	For the nine months ended June 30, 2023	For the nine months ended June 30, 2024
Net sales	119,361	138,151
Cost of sales	85,604	100,975
Gross profit	33,757	37,175
Selling, general and administrative expenses	30,449	32,015
Operating profit	3,307	5,159
Non-operating income		
Interest income	12	14
Dividend income	171	176
Share of profit of entities accounted for using equity Method	167	—
Other	175	241
Total non-operating income	526	432
Non-operating expenses		
Interest expenses	145	240
Share of loss of entities accounted for using equity Method		29
Other	202	202
Total non-operating expenses	348	472
Ordinary profit	3,486	5,119
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	117	452
Other	16	121
Total extraordinary income	137	575
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	190
Impairment losses	3	86
Loss on sale of investment securities		1,089
Loss on valuation of investment securities	682	269
Other	98	73
Total extraordinary losses	786	1,709
Profit before income taxes	2,837	3,985
Income taxes	1,543	2,018
Profit	1,293	1,966
Profit attributable to non-controlling interests	140	96
Profit attributable to owners of parent	1,153	1,870

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended June 30, 2023	For the nine months ended June 30, 2024
Profit	1,293	1,966
Other comprehensive income		
Valuation difference on available-for-sale securities	1,130	371
Deferred gains or losses on hedges		2
Foreign currency translation adjustment	(14)	17
Remeasurements of defined benefit plans, net of tax	(112)	(138)
Share of other comprehensive income of entities accounted for using equity method	(0)	(3)
Total other comprehensive income	1,003	249
Comprehensive income	2,297	2,216
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,160	2,095
Comprehensive income attributable to non- controlling interests	136	121

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes When There Are Significant Changes in Amounts of Equity)

For the nine months ended June, 2024

There is no relevant information.

(Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the third quarter ended June 30, 2023, and multiplying the profit before income taxes by this estimated effective tax rate.

(Segment Information, etc.)

I For the nine months ended June 30, 2023

1. Information on the amounts of net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in the quarterly consolidated statements of income (Note) 3
	Educational Domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	57,268	57,721	114,990	4,371	119,361	—	119,361
Inter-segment net sales or transfers	174	60	235	7,040	7,275	(7,275)	—
Total	57,443	57,782	115,225	11,411	126,637	(7,275)	119,361
Segment profit	1,956	2,451	4,408	334	4,742	(1,434)	3,307

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥1,434 million for “Segment profit” includes negative ¥1,440 million in company-wide expenses that were not allocated to specific reportable segments. Company-wide expenses are mainly general and administrative expenses that are not attributable to a reportable segment.
3. Total amount of “segment profit” is adjusted based on operating profit reported in the quarterly consolidated statements of income.

2. Information concerning impairment losses on non-current assets or goodwill, etc. by reportable segment

There is no relevant information.

II For the nine months ended June 30, 2024

1. Information on the amounts of net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in the quarterly consolidated statements of income (Note) 3
	Educational Domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	69,140	64,368	133,509	4,641	138,151	—	138,151
Inter-segment net sales or transfers	180	56	236	6,367	6,604	(6,604)	—
Total	69,321	64,424	133,746	11,008	144,755	(6,604)	138,151
Segment profit	2,918	3,166	6,084	417	6,501	(1,342)	5,159

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥1,342 million for “Segment profit” includes negative ¥1,347million in company-wide expenses that were not allocated to specific reportable segments. Company-wide expenses are mainly general and administrative expenses that are not attributable to a reportable segment.
3. Total amount of “segment profit” is adjusted based on operating profit reported in the quarterly consolidated statements of income.

2. Information concerning impairment losses on non-current assets or goodwill, etc. by reportable segment

There is no relevant information.

(Notes to Quarterly Consolidated Statements of Cash Flows)

We have not prepared a quarterly consolidated statement of cash flows for the nine months ended June 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and Amortization of goodwill for the nine-month period are as follows.

	Former 3rd Quarter Consolidated Cumulative Period (from October 1, 2022 to June 30, 2023)	Current 3rd Quarter Consolidated Cumulative Period (from October 1, 2023 to June 30, 2024)
Depreciation	1,637 million yen	2,144 million yen
Amortization of goodwill	562 million yen	873 million yen