

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending September 30, 2024**  
**(Six Months Ended March 31, 2024)**

**[Japanese GAAP]**  
April 30, 2024

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Securities code: 6189  
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Stock Exchange Listing: TSE  
URL: <https://www.gkids.jp/>

Scheduled date of filing of Quarterly Report: May 10, 2024

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2024**  
**(October 1, 2023 to March 31, 2024)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Mar. 31, 2024	13,809	11.5	750	41.7	339	118.7	330	122.9	190	93.7
Six months ended Mar. 31, 2023	12,379	1.0	529	(33.5)	155	(58.0)	148	(59.3)	98	(55.4)

Note 1: Comprehensive income (million yen)

Six months ended Mar. 31, 2024: 186 (up 75.1%)

Six months ended Mar. 31, 2023: 106 (down 55.2%)

Note 2: EBITDA (Operating profit + Depreciation)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2024	20.27	20.19
Six months ended Mar. 31, 2023	10.48	10.44

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2024	20,156	8,021	39.8
As of Sep. 30, 2023	16,675	8,104	48.6

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 8,021

As of Sep. 30, 2023: 8,104

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2023	-	0.00	-	30.00	30.00
Fiscal year ending Sep. 30, 2024	-	0.00	-	30.00	30.00
Fiscal year ending Sep. 30, 2024 (Forecast)	-	0.00	-	30.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending September 30, 2024

(October 1, 2023 to September 30, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	26,000	3.4	450	31.9	480	49.5	190	-	20.18

Note: Revisions to the most recently announced earnings forecast: None

Reference: EBITDA (million yen) 1,300

#### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued as of the end of the period (including treasury shares)

As of Mar. 31, 2024: 9,452,752 shares As of Sep. 30, 2023: 9,429,141 shares

2) Number of treasury shares as of the end of the period

As of Mar. 31, 2024: 15,823 shares As of Sep. 30, 2023: 15,823 shares

3) Average number of shares issued during the period

Six months ended Mar. 31, 2024: 9,422,446 shares Six months ended Mar. 31, 2023: 9,404,762 shares

\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts and other special items

Forecasts and other forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company's management at the time these materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (4) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Regarding the circumstances surrounding the child-rearing support business, the number of nursery school users and childcare facilities had been continuing to increase due to the rise in the number of households with two workers and the employment rate for women. However, the number of wait-listed children in April 2023 decreased by 264 children from the previous year to 2,680 children, and the number of newborns in 2022 fell below 800,000 for the first time since 1899 when the gathering of such statistics began. As seen by these trends, the external environment has been changing.

Meanwhile, the government promotes relevant measures such as establishing “Children and Families Agency” in April 2023 to tackle various issues surrounding families in earnest, under the banner of a “child-centered society” which unifies the measures regarding children and centrally positions child-related initiatives and policies within society. In addition, the “Children’s Future Strategy,” decided by the Cabinet in December 2023, includes revising the policies to decrease the number of children each childcare worker is to be in charge of for the first time in 76 years and further improving childcare workers’ compensation.

Amid such substantial changes in the external environment surrounding the child-rearing support business, the Group announced its Medium-term Management Plan 2024 on November 12, 2021, and in the current fiscal year as the final year of the three-year plan, the Group continues to move forward with initiatives whose core consists of three policies, namely “expansion of scale,” “expansion of functions,” and “strengthening of infrastructure.”

As a concrete measure for “expansion of scale,” the Company entered into a share transfer agreement on April 18, 2023, to acquire all shares of OHAYO KIDS CO., LTD. (former Tokyo Tatemono Kids Co., Ltd.) which mainly operates Tokyo Metropolitan Government licensed nursery schools on which the Group is focusing and it became our wholly-owned subsidiary on June 1, 2023. Although the number of facilities operated by the Group decreased due to a business and share transfer implemented on April 1, 2024, the percentage of central government licensed nursery schools among facilities operated by the Group increased from approximately 81.9% to 88.7%. For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Business Combination) and (Significant Subsequent Events).”

Also, based on the judgment that improving productivity through reorganization of the Group’s head office functions would be indispensable for promoting the diversification of revenue sources mainly by strengthening new businesses seeking “expansion of functions,” the Company transferred part of Global Kids K.K.’s child-rearing support business to GKS K.K., effective April 1, 2023. In addition, the Group is working on introducing a new personnel system and revamping the accounting system to enhance the efficiency of head office functions and further improve operational quality.

As a measure for “strengthening of infrastructure,” the Company is pursuing development of a child-rearing platform, the focal point of ICT strategies, and continuing active investments. In addition, with respect to the “GlobalKids Plus +” learning business, lessons were started in Toyosu in June 2023. Furthermore, we renewed and reopened one local government licensed nursery school in Toshima-ku as an international preschool in April 2024 in collaboration with Eis International Pre-School, an international kindergarten in Singapore.

The number of facilities operated by the Group at the end of the period under review was a total of 183 facilities: 154 central government licensed nursery schools (115 in Tokyo, 29 in Kanagawa, four in Chiba, one in Saitama and five in Osaka); 19 local government licensed nursery schools or centers for early childhood education and care; and 10 after-school day care centers or children’s houses.

Regarding results of operations for the period under review, net sales increased year on year due mainly to a rise in the authorized fees resulting from the revision of remuneration recommendations by the National Personnel Authority and the recording of one-off subsidies, in addition to converting OHAYO KIDS CO., LTD. into a wholly-owned subsidiary and reviewing the user capacity. Cost to sales ratio improved significantly due to the contributions of factors such as reductions in recruitment expenses and the foodstuff costs, dropping 1.3 points year on year. Selling, general and administrative expenses increased due to the impact of ICT expenses which are being increased strategically, but the increase in net sales and improvement in the cost to sales ratio contributed to revenue improvement.

Consequently, the Group reported net sales for the period under review of 13,809 million yen (up 11.5% year on year) with EBITDA of 750 million yen (up 41.7% year on year), operating profit of 339 million yen (up 118.7% year on year), ordinary profit of 330 million yen (up 122.9% year on year), and profit attributable to owners of parent of 190 million yen (up 93.7% year on year).

### (2) Explanation of Financial Position

#### Assets

Total assets amounted to 20,156 million yen at the end of the period under review, an increase of 3,481 million yen from the end of the previous fiscal year.

Current assets increased 3,731 million yen to 8,484 million yen. This was mainly attributable to an increase of 3,685 million yen in cash and deposits.

Non-current assets decreased 250 million yen to 11,671 million yen. This was mainly attributable to a decrease of 321 million yen in buildings and structures, net, despite an increase of 96 million yen in construction in progress for opening nursery schools.

#### Liabilities

Total liabilities amounted to 12,134 million yen at the end of the period under review, an increase of 3,563 million yen from the end of the previous fiscal year.

Current liabilities increased 4,072 million yen to 7,724 million yen. This was mainly attributable to an increase of 4,050 million yen in short-term loans payable.

Non-current liabilities decreased 509 million yen to 4,409 million yen. This was mainly attributable to a decrease of 556 million yen in long-term loans payable.

#### Net assets

Net assets amounted to 8,021 million yen at the end of the period under review, a decrease of 82 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 190 million yen in retained earnings as a result of the recording of profit attributable to owners of parent, while a decrease of 282 million yen occurred due to the payment of year-end dividends.

### **(3) Cash Flows**

Cash and cash equivalents (hereinafter, "net cash") at the end of the period under review amounted to 5,044 million yen.

#### Cash flows from operating activities

Net cash provided by operating activities amounted to 695 million yen (1,043 million yen provided in the first half of the fiscal year ended September 30, 2023). This was mainly attributable to an increase of 117 million yen in accounts receivable-other and contract assets, despite depreciation of 410 million yen, a non-cash item.

There was also a decrease of 348 million yen compared with the first half of the fiscal year ended September 30, 2023. This was attributable to a decrease of 476 million yen due to a decrease in accounts receivable-other and contract assets.

#### Cash flows from investing activities

Net cash used in investing activities amounted to 128 million yen (3 million yen used in the first half of the fiscal year ended September 30, 2023). This was mainly attributable to purchase of property, plant and equipment of 221 million yen, despite proceeds from refund of lease and guarantee deposits of 42 million yen and collection of construction assistance fund receivables of 48 million yen.

There was also a decrease of 125 million yen compared with the first half of the fiscal year ended September 30, 2023. This was primarily attributable to an increase in purchase of property, plant and equipment of 203 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities amounted to 3,119 million yen (2,587 million yen provided in the first half of the fiscal year ended September 30, 2023). This was mainly attributable to an increase of 4,050 million yen in the net amount of short-term loans payable.

There was also an increase of 531 million yen compared to the first half of the fiscal year ended September 30, 2023. This was mainly attributable to an increase of 850 million yen in net increase in short-term loans payable and an increase in proceeds from long-term loans payable of 2,276 million yen, despite an increase in repayments of long-term loans payable of 2,547 million yen.

### **(4) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

The Company maintains its consolidated forecasts for the fiscal year ending September 30, 2024 that was announced on November 10, 2023.

Furthermore, as disclosed in the "(Disclosure Information Update) Notice of Completion of Business and Share Transfer of Consolidated Subsidiary" in a timely manner on April 1, 2024, the loss on retirement of non-current assets of approximately 200 million yen (estimate) following the business and share transfer is expected to be recorded as extraordinary losses in the third quarter of the fiscal year ending September 30, 2024. The loss has already been factored into the earnings forecast for the fiscal year ending September 30, 2024.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY9/23 (As of Sep. 30, 2023)	Second quarter of FY9/24 (As of Mar. 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	1,359	5,044
Accounts receivable-other and contract assets	2,589	2,707
Prepaid expenses	708	707
Income taxes refund receivable	86	-
Other	9	25
Total current assets	4,753	8,484
Non-current assets		
Property, plant and equipment		
Land	692	692
Buildings and structures, net	8,145	7,824
Construction in progress	-	96
Other, net	255	322
Total property, plant and equipment	9,093	8,937
Intangible assets		
Software	276	243
Software in progress	23	63
Total intangible assets	299	306
Investments and other assets		
Investment securities	27	27
Long-term prepaid expenses	293	248
Lease and guarantee deposits	1,878	1,837
Construction assistance fund receivables	247	205
Deferred tax assets	81	104
Other	0	3
Total investments and other assets	2,528	2,427
Total non-current assets	11,921	11,671
Total assets	16,675	20,156
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	-	4,050
Current portion of long-term loans payable	949	858
Accounts payable-other	1,445	1,660
Income taxes payable	223	151
Advances received	135	58
Provision for bonuses	629	563
Other	268	383
Total current liabilities	3,652	7,724
Non-current liabilities		
Long-term loans payable	3,026	2,470
Net defined benefit liability	508	550
Deferred tax liabilities	965	970
Asset retirement obligations	414	415
Other	3	3
Total non-current liabilities	4,918	4,409
Total liabilities	8,571	12,134

(Millions of yen)

	FY9/23 (As of Sep. 30, 2023)	Second quarter of FY9/24 (As of Mar. 31, 2024)
Net assets		
Shareholders' equity		
Capital stock	1,302	1,309
Capital surplus	1,991	1,997
Retained earnings	4,836	4,745
Treasury shares	(12)	(12)
Total shareholders' equity	8,118	8,040
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(14)	(18)
Total accumulated other comprehensive income	(14)	(18)
Total net assets	8,104	8,021
Total liabilities and net assets	16,675	20,156

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**(For the Six-month Period)**

(Millions of yen)

	First six months of FY9/23 (Oct. 1, 2022 – Mar. 31, 2023)	First six months of FY9/24 (Oct. 1, 2023 – Mar. 31, 2024)
Net sales	12,379	13,809
Cost of sales	11,416	12,555
Gross profit	963	1,253
Selling, general and administrative expenses	807	913
Operating profit	155	339
Non-operating income		
Interest and dividend income	1	1
Subsidy income	-	4
Miscellaneous income	9	1
Total non-operating income	10	6
Non-operating expenses		
Interest expenses	8	11
Miscellaneous loss	9	4
Total non-operating expenses	17	16
Ordinary profit	148	330
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on closing of nursery schools	-	*1 18
Total extraordinary losses	0	19
Profit before income taxes	148	310
Income taxes	49	119
Profit	98	190
Profit attributable to		
Profit attributable to owners of parent	98	190
Profit attributable to non-controlling interests	-	-
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	7	(4)
Total other comprehensive income	7	(4)
Comprehensive income	106	186
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	106	186
Comprehensive income attributable to non-controlling interests	-	-



**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY9/23 (Oct. 1, 2022 – Mar. 31, 2023)	First six months of FY9/24 (Oct. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	148	310
Depreciation	374	410
Loss on closing of nursery schools	-	18
Subsidy income	-	(4)
Increase (decrease) in provision for bonuses	(18)	(66)
Increase (decrease) in net defined benefit liability	48	45
Interest and dividend income	(1)	(1)
Interest expenses	8	11
Decrease (increase) in accounts receivable-other and contract assets	358	(117)
Decrease (increase) in prepaid expenses	29	12
Increase (decrease) in accounts payable-other	224	210
Increase (decrease) in advances received	(62)	(81)
Other, net	90	62
Subtotal	1,198	811
Interest and dividend income received	0	0
Interest expenses paid	(8)	(11)
Proceeds from subsidy income	-	4
Income taxes paid	(147)	(109)
Net cash provided by (used in) operating activities	1,043	695
Cash flows from investing activities		
Purchase of property, plant and equipment	(17)	(221)
Proceeds from sale of property, plant and equipment	0	-
Payments for lease and guarantee deposits	(1)	(15)
Proceeds from refund of lease and guarantee deposits	5	42
Collection of construction assistance fund receivables	10	48
Other, net	-	18
Net cash provided by (used in) investing activities	(3)	(128)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,200	4,050
Proceeds from long-term loans payable	-	2,276
Repayments of long-term loans payable	(377)	(2,924)
Repayments of lease obligations	(0)	(0)
Proceeds from exercise of share options	0	0
Dividends paid	(234)	(282)
Net cash provided by (used in) financing activities	2,587	3,119
Net increase (decrease) in cash and cash equivalents	3,628	3,685
Cash and cash equivalents at beginning of period	1,303	1,359
Cash and cash equivalents at end of period	4,931	5,044

#### **(4) Notes to Quarterly Consolidated Financial Statements**

##### **Going Concern Assumption**

Not applicable.

##### **Quarterly Consolidated Statement of Income**

\*1 Loss on closing of nursery schools

First six months of FY9/24 (Oct 1, 2023 – Mar. 31, 2024)

Additional retirement benefits of 14 million yen to employees who work at facilities for which business and share are to be transferred were recorded as loss on closing of nursery schools. For details of the business and share transfer, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Business Combination) and (Significant Subsequent Events).”

##### **Significant Changes in Shareholders' Equity**

Not applicable.

##### **Segment and Other Information**

Segment information

Omitted since the Group has only a single business segment, which is the “child-rearing support business.”

##### **Business Combination**

Business transfer to SHINKS-K K.K.

OHAYO KIDS CO., LTD., the Company's consolidated subsidiary, transferred two childcare facilities to SHINKS-K K.K.

(1) Name of the transferee

SHINKS-K K.K.

(2) Description of the business to be transferred

One small scale childcare facility and one company sponsored nursery school in Yokohama-shi

(3) Date of completion of the transfer

March 31, 2024

(4) Transfer price

Free of charge

##### **Significant Subsequent Events**

Business transfer

Business transfer to Social Welfare Corporation Sucusukudoronkonokai

Global Kids K.K., the Company's consolidated subsidiary, transferred six childcare facilities to Social Welfare Corporation Sucusukudoronkonokai.

(1) Name of the transferee

Social Welfare Corporation Sucusukudoronkonokai

(2) Description of the business to be transferred

Five central government licensed nursery schools in Osaka and one small-scale childcare facility in Ageo-shi

(3) Date of completion of the transfer

April 1, 2024

(4) Transfer price

Free of charge

Business transfer to SHINKS-K K.K.

Global Kids K.K., the Company's consolidated subsidiary, transferred six childcare facilities to SHINKS-K K.K.

(1) Name of the transferee

SHINKS-K K.K.

(2) Description of the business to be transferred

Six nursery schools licensed by the Tokyo Metropolitan Government

(3) Date of completion of the transfer

April 1, 2024

- (4) Transfer price
  - Free of charge

Share transfer

Share transfer to SHINKS Inc.

Global Kids K.K., a consolidated subsidiary of the Company, conducted an absorption-type divestiture whereby the operation of four nursery schools will be succeeded by T-KIDS Co., Ltd., and transferred all shares of T-KIDS Co., Ltd. to SHINKS Inc.

- (1) Name of the transferee

SHINKS Inc.

- (2) Description of the business to be transferred

Four nursery schools licensed by the Tokyo Metropolitan Government

- (3) Date of completion of the transfer

April 1, 2024

- (4) Transfer price

28 million yen

The final transfer price will be revised reflecting price adjustments specified in the share transfer agreement.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*