



Presentation Materials for the Earnings Briefing for the First Half of the Fiscal Year Ending September 30, 2024

Global Kids Company Corp. April 30, 2024

Note Concerning Forward-looking Statements

The plans, forecasts, strategies and other information contained in these materials forecast future performance based on information available at the time the materials were prepared. These include inherent risk and uncertainty.

Actual performance may differ from forecasts and predictions due to such risk and uncertainty.

Information considered useful for explaining our business environment has been provided in these materials. The results in the data may vary depending on the method or timing of the survey.

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Highlights for the first half of FY9/24

Operating results for 2Q FY9/24

- Net sales increased significantly year on year due mainly to a rise in the authorized fees resulting from the revision of remuneration recommendations by the National Personnel Authority, in addition to the conversion of OHAYO KIDS CO., LTD. into a wholly-owned subsidiary and revisions in user capacity.

– Net sales ¥7,245 million (up 15.0% year on year)

- EBITDA decreased by a small amount compared to the previous quarter but grew significantly by 2.2x year on year due to reductions in recruitment expenses and the conversion of OHAYO KIDS into a wholly-owned subsidiary, in addition to an increase in net sales due to revisions in user capacity.

– EBITDA ¥363 million (up 119.8% year on year)

- Cumulative net sales increased by 11.5% year on year as a result of a significant increase in the second quarter.

– Net sales ¥13,809 million (up 11.5% year on year)

- In both the first and second quarters, EBITDA remained at high levels and cumulative EBITDA increased substantially year on year.

– EBITDA ¥750 million (up 41.7% year on year)

Operating results for the first half of FY9/24

- For the first half, both net sales and EBITDA were higher than planned. Since the occupancy rate and personnel assignments for the third quarter have a substantial impact on earnings for the fiscal year under review, full-year earnings and dividend forecast were unchanged.

– Net sales ¥26,000 million (up 3.4% year on year)

– EBITDA ¥1,300 million (up 13.0% year on year)

– Dividends ¥30 per share (the same as the previous fiscal year)

Full year earnings forecast for FY9/24

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Overview of Results for the First Half of the Fiscal Year Ending September 30, 2024 (FY9/24)

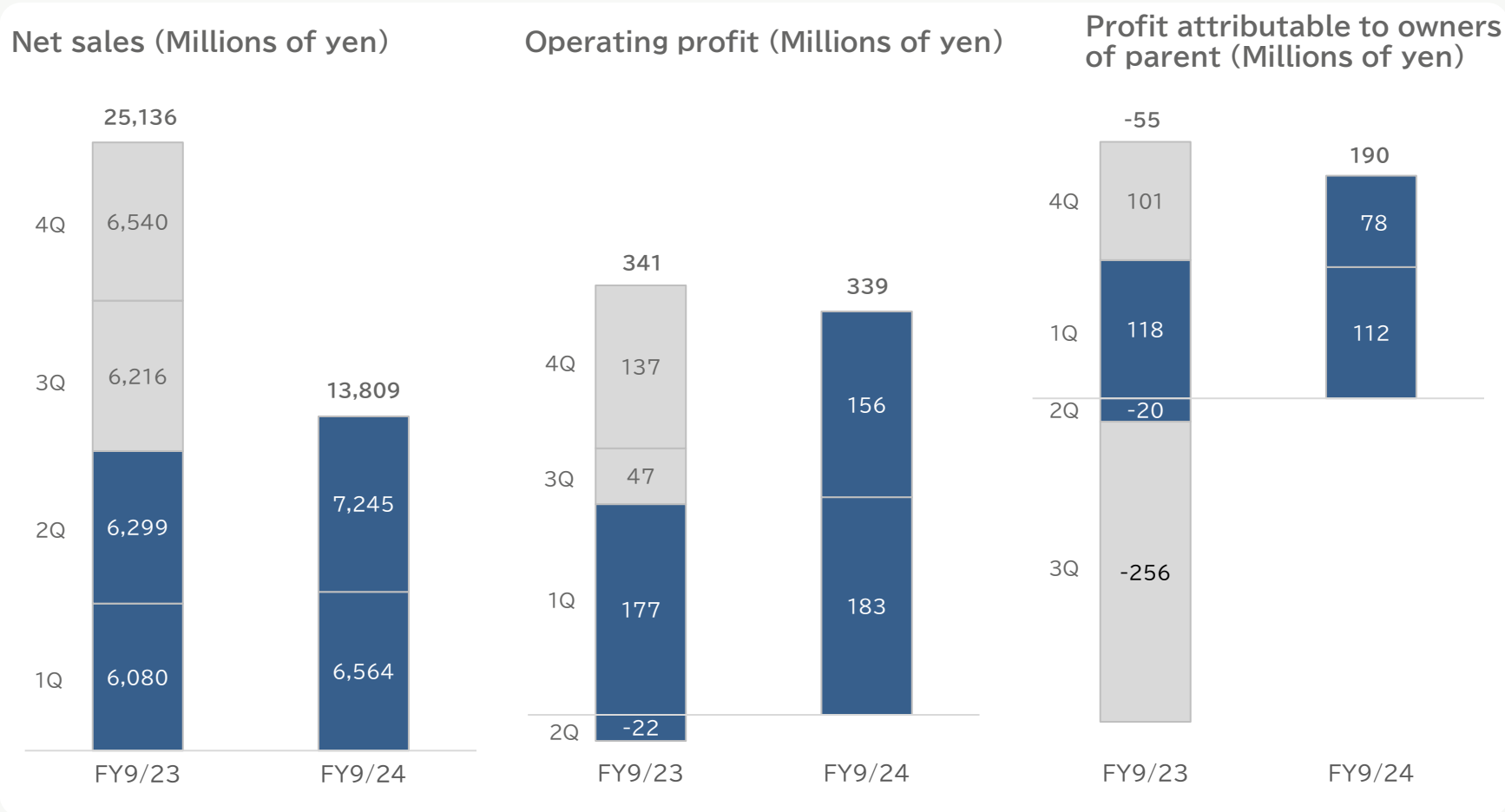
Results summary for the first half of FY9/24

Overview of consolidated operating results for the first half of FY9/24 (Millions of yen)

	1H FY9/23	Against net sales	1H FY9/24	Against net sales	YoY
Net sales	12,379	-	13,809	-	+11.5%
Gross profit	963	7.8%	1,253	9.1%	+30.1%
EBITDA	529	4.3%	750	5.4%	+41.7%
Operating profit	155	1.3%	339	2.5%	+118.7%
Ordinary profit	148	1.2%	330	2.4%	+122.9%
Profit attributable to owners of parent	98	0.8%	190	1.4%	+93.7%

Net Sales, Operating Profit, Profit Attributable to Owners of Parent

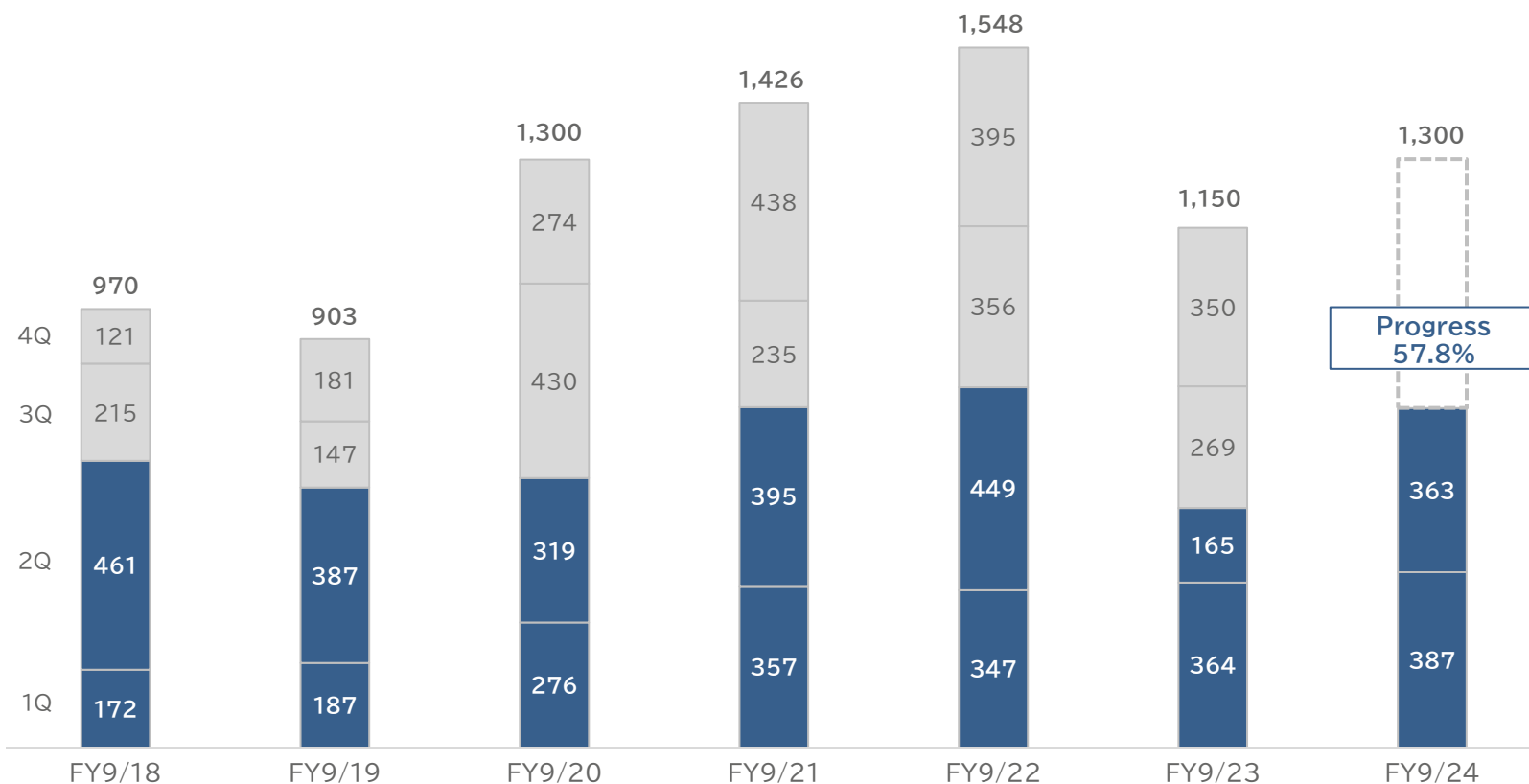
Operating results for the second quarter showed substantial increases in net sales and operating profit. Operating profit was ¥156 million, improving significantly from a loss of ¥22 million year on year. Operating profit and profit attributable to owners of parent for the first half were up 118.7% and 93.7% year on year, respectively.



EBITDA

EBITDA for the second quarter rose considerably year on year. EBITDA for the first half of the fiscal year increased 41.7% year on year, approaching the level of the second quarter of FY9/22 when it reached a record high. Progress towards the forecast for the fiscal year ending September 30, 2024 stands at 57.8%.

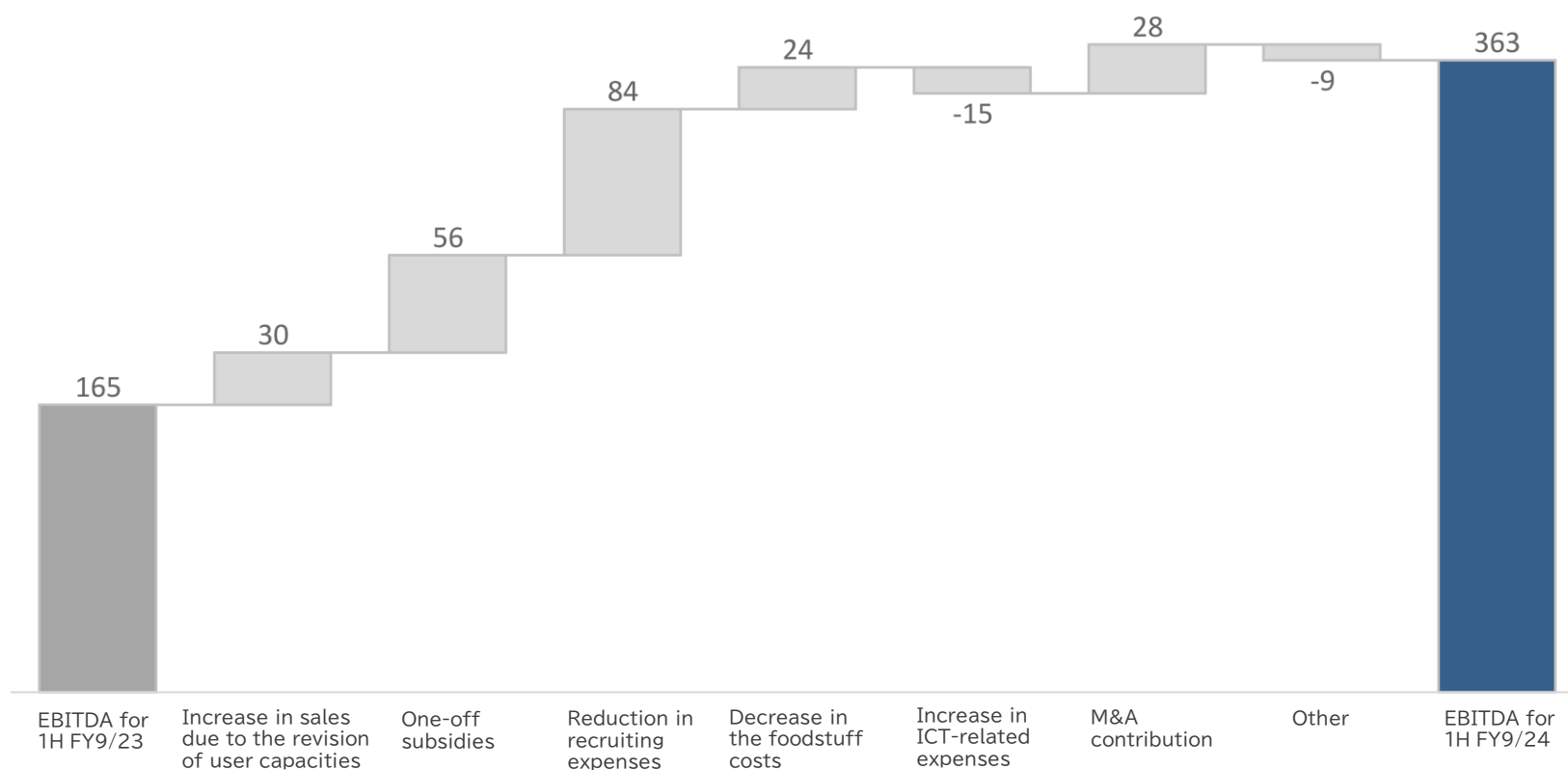
EBITDA (Millions of yen)



Factors behind change in EBITDA

While the increase in ICT-related expenses which we have been increasing strategically have an impact, the progress in profitability improvement measures such as reviewing of user capacities and reductions in recruiting expenses, and the conversion of OHAYO KIDS into a wholly-owned subsidiary made contributions, leading to a significant increase in EBITDA.

Factors behind change EBITDA (Millions of yen)



Note: Factors behind change excluding M&A are presented as an amount excluding OHAYO KIDS which was converted into a wholly-owned subsidiary in June 2023.

Net sales: number of childcare business facilities

At the end of March 2024 and on April 1, 2024, 20 nursery schools were transferred and closed, and entrustment of one after-school day care center was terminated. Meanwhile, we were newly entrusted with one after-school day care center.

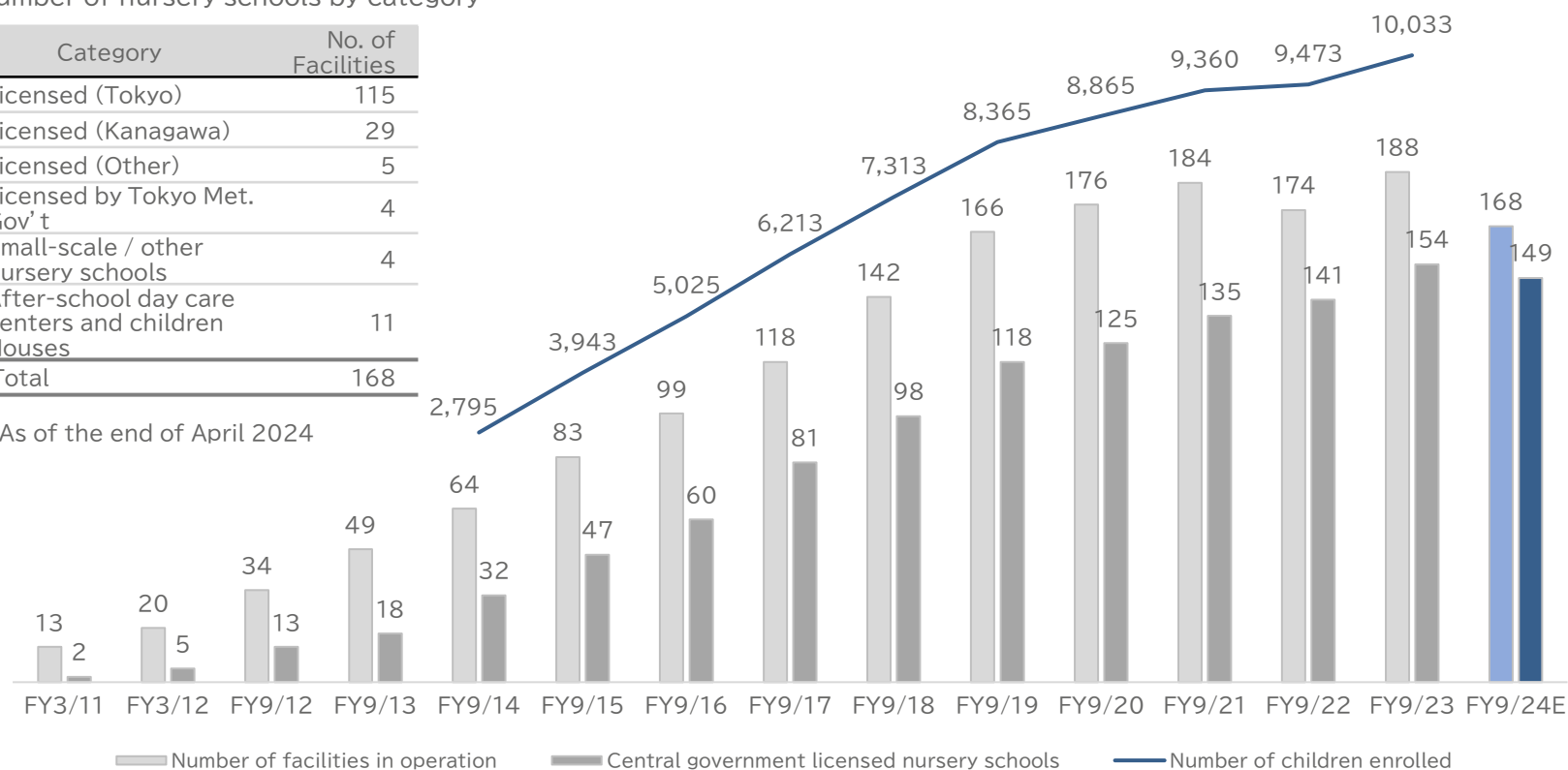
The percentage of central government licensed nursery schools among facilities operated by the Group rose to 88.7% (81.9% at the end of September 2023).

Number of facilities, number of enrolled children

Number of nursery schools by category

Category	No. of Facilities
Licensed (Tokyo)	115
Licensed (Kanagawa)	29
Licensed (Other)	5
Licensed by Tokyo Met. Gov't	4
Small-scale / other nursery schools	4
After-school day care centers and children Houses	11
Total	168

*As of the end of April 2024



Note: The number of facilities is the total of nursery schools, after school day care centers and children houses.
The number of enrolled children is for nursery schools only.

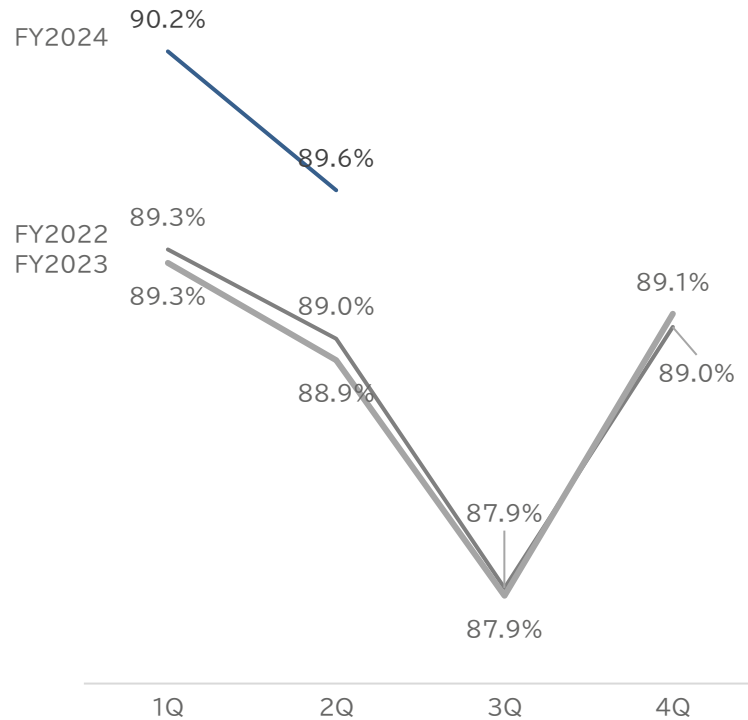


Net sales: occupancy rate

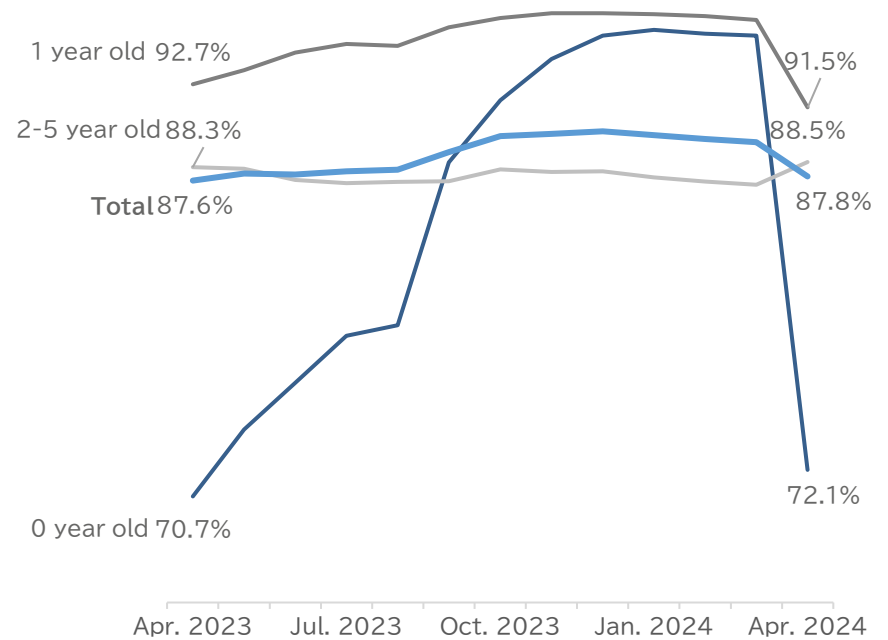
The occupancy rate for the second quarter rose 0.7 pt year on year due to the effect of user capacity revisions.

Regarding the results by age group for April 2024, although the occupancy rate for 0-year-olds fell against the backdrop of factors such as enhancement of the childcare leave program, it rose 1.4 pts year on year due to user capacity revisions.

Total nursery schools



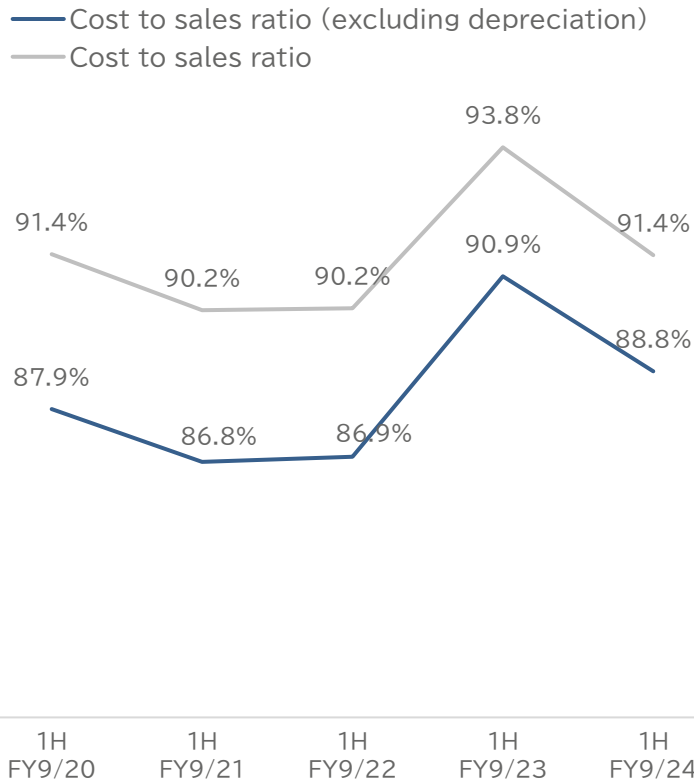
By age group



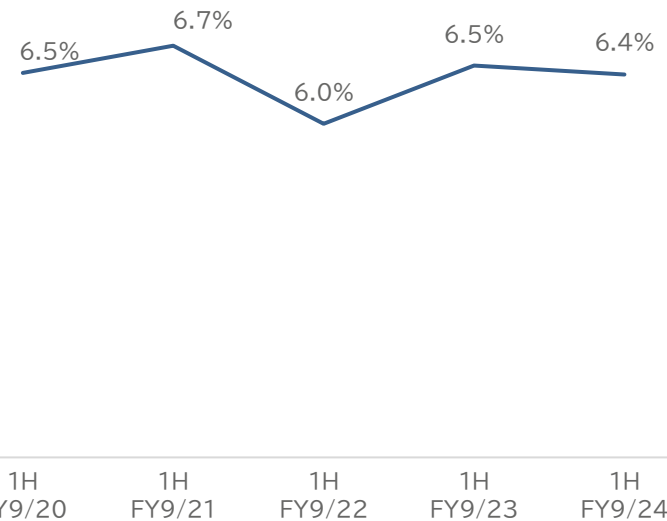
Cost to sales ratio, SG&A ratio

The cost to sales ratio improved 2.1 pts year on year mainly due to contributions of factors such as reductions in recruitment expenses and a decrease in the foodstuff costs (on a basis excluding depreciation).

Cost to sales ratio



SG&A ratio



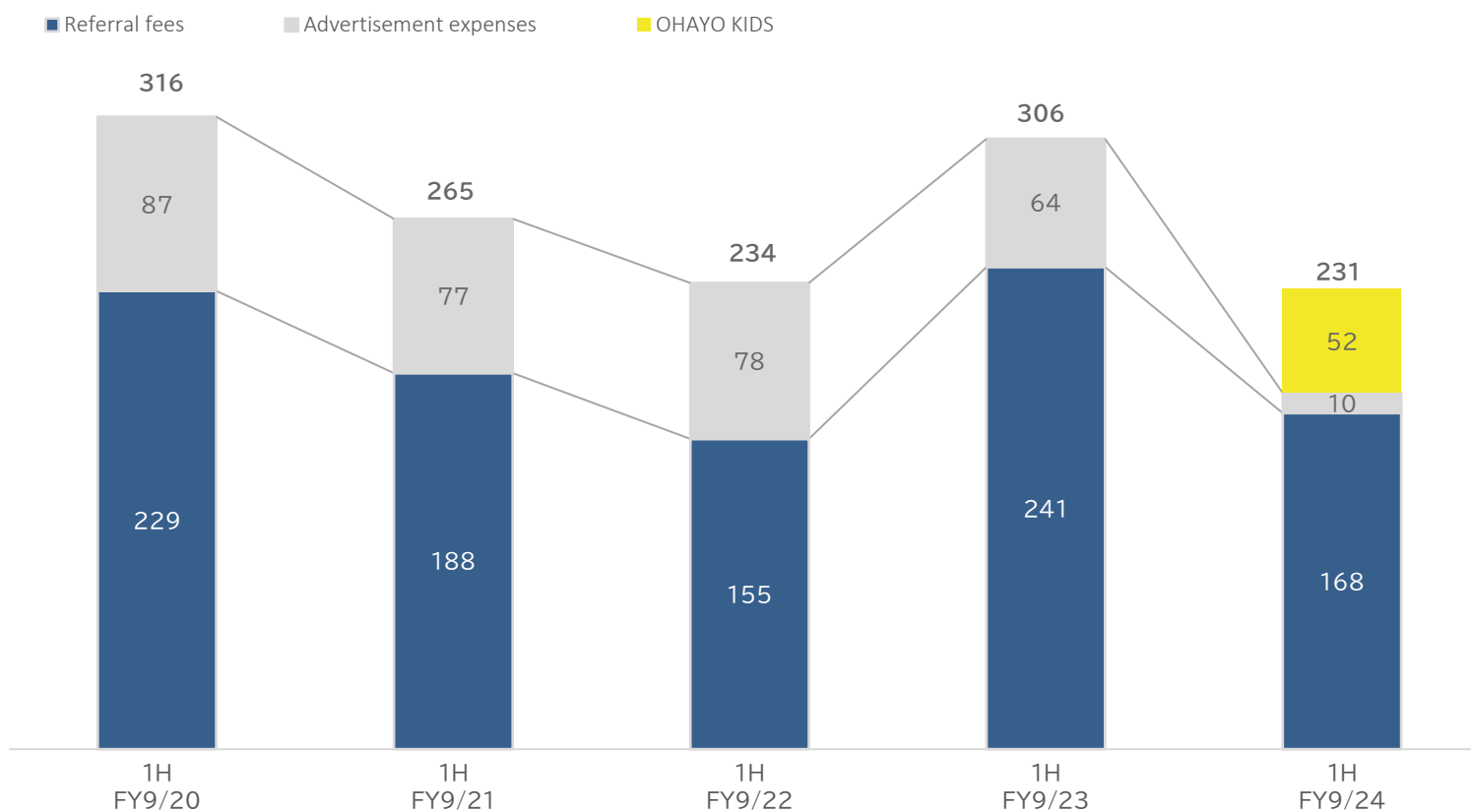
Note: We revised our accounting policies in FY9/23 and have switched from recording taxes and dues and hiring advertisement expenses for facilities from SG&A expenses to cost of sales. Figures for FY9/22 and before have been adjusted accordingly.



Recruiting expenses (For the first half)

Recruiting expenses decreased substantially year on year, down ¥127 million year on year excluding OHAYO KIDS, which was converted into a wholly-owned subsidiary.

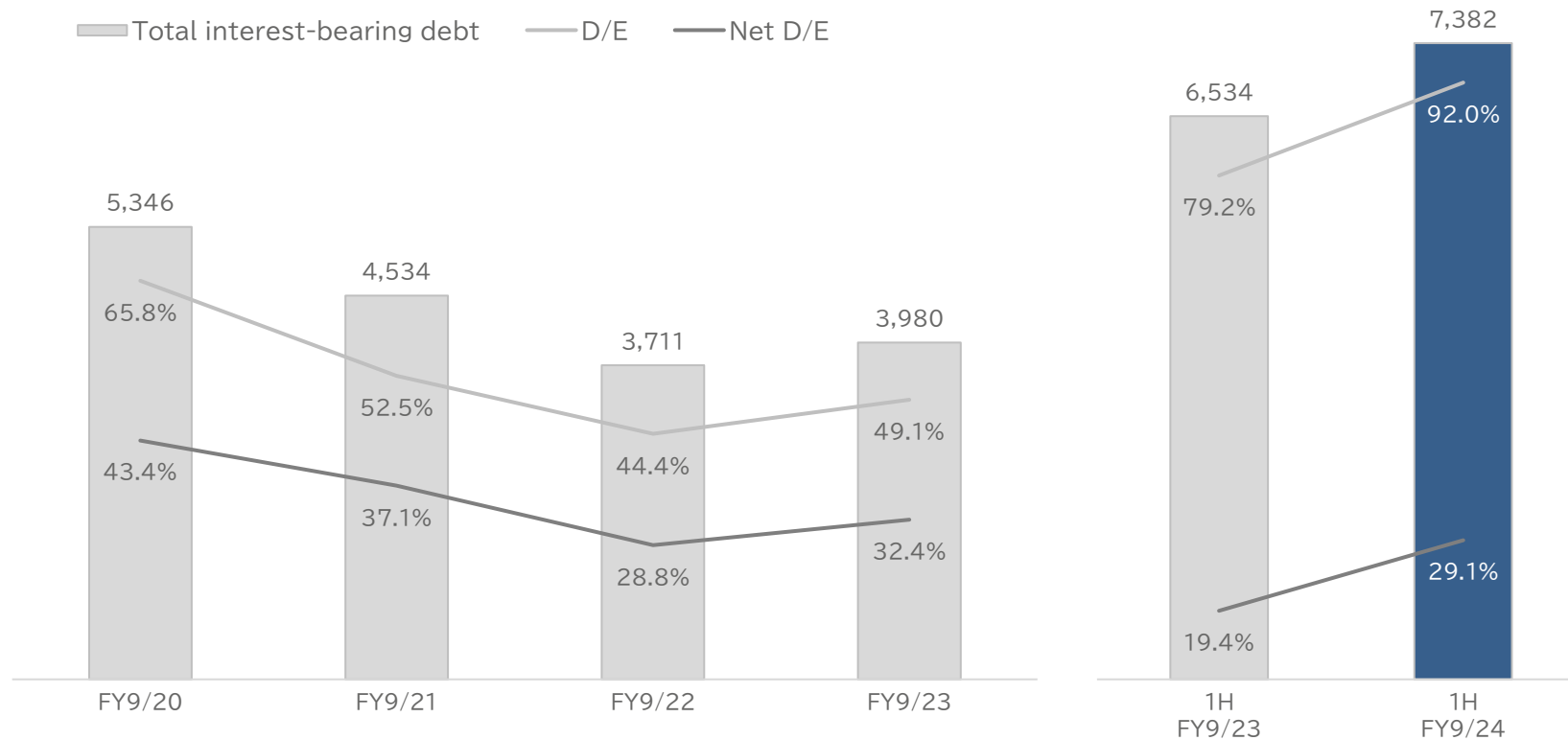
Contributing factors consisted of a decline in the number of recruits, a decrease in referral fees due to lower unit costs, and substantial reductions in hiring advertisement expenses.



Financial soundness

In the second quarter of FY9/24, interest-bearing debt increased year on year due to the borrowing of funds in connection with the conversion of OHAYO KIDS into a wholly-owned subsidiary.

D/E ratio, Total interest-bearing debt (Millions of yen)



Expansion of function: GK Photo

We started to provide a new photo sales service, “GK Photo,” from April 2024 based on the theme of “Valuing the ‘present,’ ‘here,’ and ‘touching moments’ for children.” We will provide online touch points to users of the Group’s nursery schools using the “GK Photo” mobile app. Development of the app is handled by GKS Corp.

About GK Photo



*The photo above is for illustrative purposes only.

Valuing the ‘present,’ ‘here,’ and ‘touching moments’ for children

“GK Photo” is an app that enables its users to enjoy seeing the growth of children together. By capturing the precious moments of children’s growth through photos of everyday scenes at facilities and events such as sports day, the app records the growth of children for their parents.



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New business: Kids Camp

We launched outdoor education activities as a new initiative for families who use the Group's nursery schools. With the cooperation of Snow Peak Inc., the leading brand in the outdoor industry, we jointly organized Kids Camp on the camp field directly operated by Snow Peak in Sanjo City, Niigata Prefecture. We also plan to jointly organize Kids Camp in Kanuma City, Tochigi Prefecture in May 2024.

About

Kids Camp



Acquiring “camping skills” through experiencing nature by children only

While children enjoy the experience of learning how fun and difficult it is to spend time in nature through camping experiences such as setting up a tent, starting a bonfire, cooking, and craft as contents for first-time campers, adults enjoy their free time in a relaxed manner.



Forecast for the Fiscal Year Ending September 30, 2024 (FY9/24)

Forecast for the fiscal year ending September 30, 2024

Progress has been faster than planned as of the second quarter of FY9/24. Although revenue is expected to improve due to the transfer and closure of some facilities in the latter half of the year, the initial earnings forecasts and dividend forecast are unchanged at this time due to the significant impact of the occupancy rate and progress in the optimization of personnel assignments since the third quarter. We plan to record the loss on the retirement of non-current assets of ¥200 million (estimate) in connection with the business and share transfer in the third quarter of FY9/24.

(Millions of yen)	FY9/23 Results	FY9/24 Forecast	YoY change
Net sales	25,136	26,000	+3.4%
EBITDA	1,150	1,300	+13.0%
Operating profit	341	450	+31.9%
Ordinary profit	321	480	+49.5%
Profit attributable to owners of parent	-55	190	-
Dividend per share	¥30	¥30	+0%

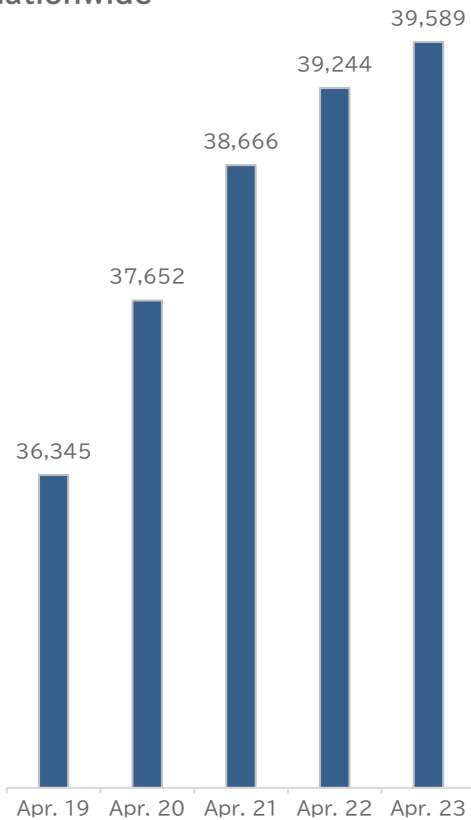
Appendix

Breakdown of the number of facilities in operation

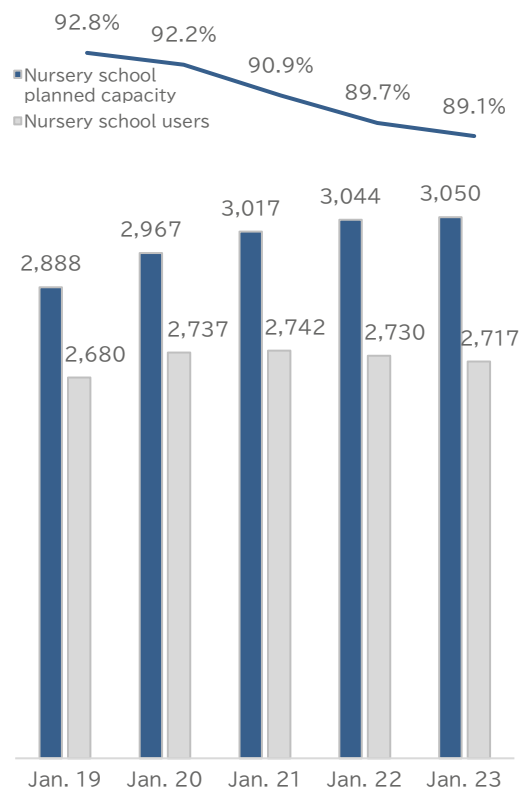
	FY9/15	FY9/16	FY9/17	FY9/18	FY9/19	FY9/20	FY9/21	FY9/22	FY9/23	FY9/24E
Licensed (Tokyo)	28	38	56	70	86	91	98	103	115	115
Licensed (Kanagawa)	16	17	19	20	23	25	27	28	29	29
Licensed (Other)	3	5	6	8	9	9	10	10	10	5
Licensed by Tokyo Met. Gov' t	21	22	20	20	17	17	16	15	15	4
Centers for early childhood education and care, etc.	5	6	5	5	6	6	6	5	7	4
Company sponsored	-	-	-	7	11	11	11	-	1	-
After-school day care centers and children houses	10	11	12	12	13	13	12	10	11	11
Child developmental support facilities	-	-	-	-	1	4	4	3	-	-
Total	83	99	118	142	166	176	184	174	188	168

Number of nursery schools, capacity utilization rate, number of wait-listed children

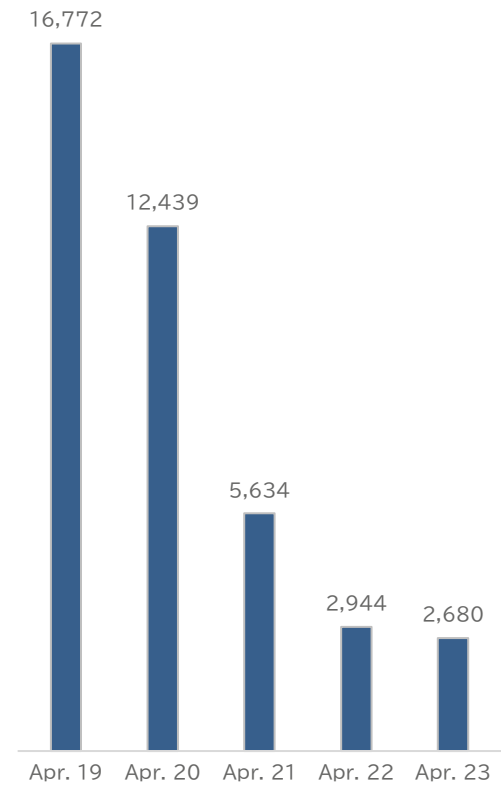
Number of nursery schools, etc. nationwide



Capacity and utilization of nursery schools (thousands)



Number of wait-listed children nationwide (persons)



Ranking of childcare service sales

	Company name	Net sales (Millions of yen)
1	JP-HOLDINGS	35,507
2	LIKE	29,047
3	Kodomo no Mori	26,304
4	Global Kids Company	25,136
5	Poppins	24,569
6	AIGRAN	18,558
7	Sakurasaku plus	13,844
8	HITOWA Kids Life	12,217
9	teno. Holdings	10,874
10	Solasto	9,930

Source: The Nikkei MJ. Financial results for the Company and LIKE.

Note: For the Company, JP Holdings, Like, and Sakurasaku Plus, sales for the fiscal year ended in 2023.
For other companies, sales for the fiscal year ended in 2022.

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