

**Earnings for the Fiscal Year Ended September 30,
2021 and the New Medium-term Management Plan**



Global Kids Company Corp.

November 12, 2021

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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**Overview of Results for
the Fiscal Year Ended September 30, 2021 (FY9/21)**

Operating results for 4Q FY9/21

- Operating profit increased substantially on both a year on year and quarterly basis
 - Net sales ¥5,998 million (up 7.1% year on year)
 - Operating profit ¥223 million (up 259.0% year on year, up 1280.4% compared to previous quarter)

Operating results for FY9/21

- Although net sales and operating profit both reached record highs, the targets for the second year of the Medium-Term Management Plan were not achieved
 - Net sales ¥23,529 million (up 6.2% year on year)
 - Operating profit ¥576 million (up 20.6% year on year)
- Free cash flow was positive for the second consecutive fiscal year, interest-bearing debt decreased, and the D/E ratio declined from 65.8% to 52.5%

Full-year earnings forecast for FY9/22

- Assuming continued growth in both sales and profit due to new openings, improvement in occupancy rate, and reduction in cost of sales
 - Net sales ¥24,900 million (up 5.8% year on year)
 - Operating profit ¥940 million (up 63.2% year on year)
- We plan to pay a dividend of ¥25 per share due to a decrease in financial leverage and an expected increase in free cash flow

Results summary for FY9/21

Net sales and operating profit for FY9/21 increased; both net sales and operating profit were at record levels, although they fell short of projections. While the gross profit margin declined slightly, the operating profit margin improved thanks to the control of SG&A expenses.

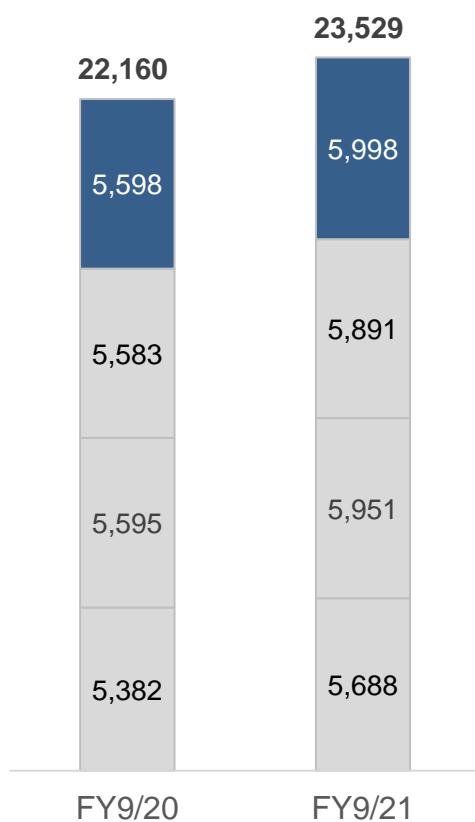
Overview of consolidated operating results for FY9/21 (millions of yen)

	FY9/20	Against net sales	FY9/21	Against net sales	YoY
Net sales	22,160	-	23,529	-	+6.2%
Gross profit	2,774	12.5%	2,874	12.2%	+3.6%
SG&A expenses	2,296	10.4%	2,298	9.8%	+0.1%
Operating profit	477	2.2%	576	2.4%	+20.6%
Ordinary profit	916	4.1%	1,148	4.9%	+25.3%
Profit attributable to owners of parent	438	2.0%	481	2.0%	+10.0%
EBITDA	1,300	5.7%	1,426	6.1%	+9.7%

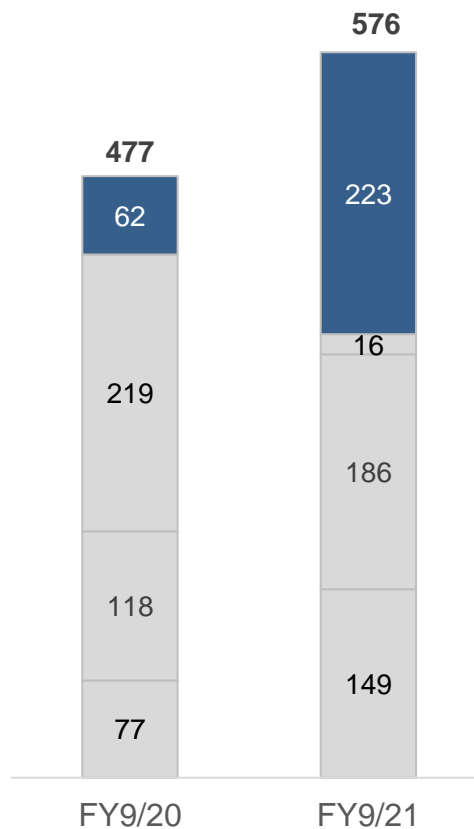
Net Sales, Operating Profit, Profit

Net sales, operating profit, and profit all exceeded levels of the previous quarter and the same period last year. Total net sales and operating profit for the full year reached record highs.

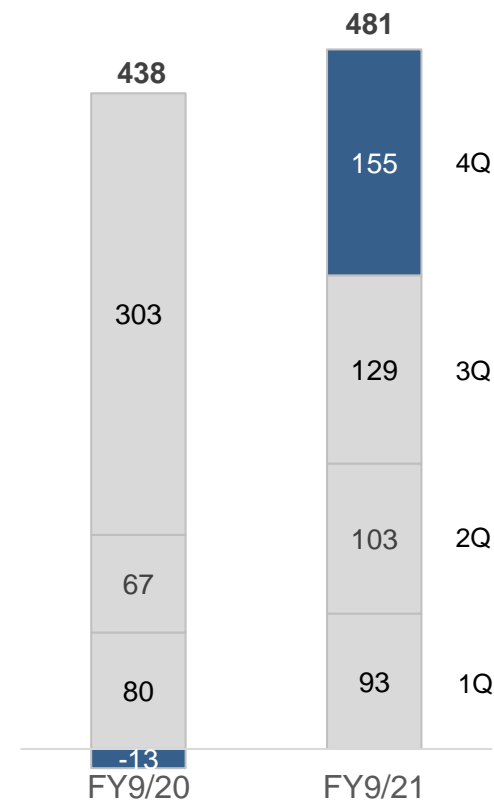
Net sales (Millions of yen)



Operating profit (Millions of yen)



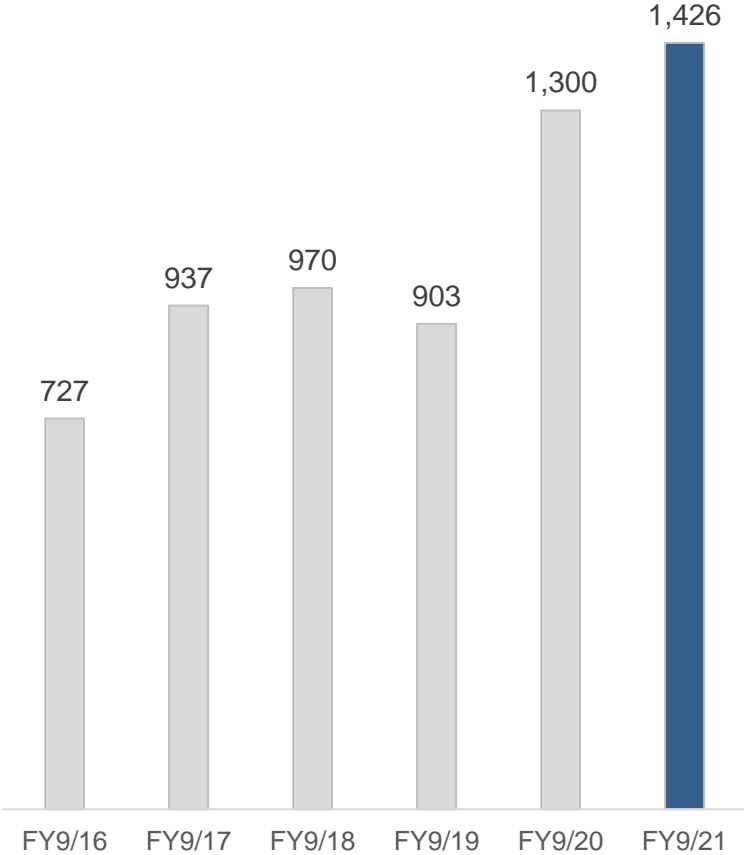
Profit attributable to owners of parent (Millions of yen)



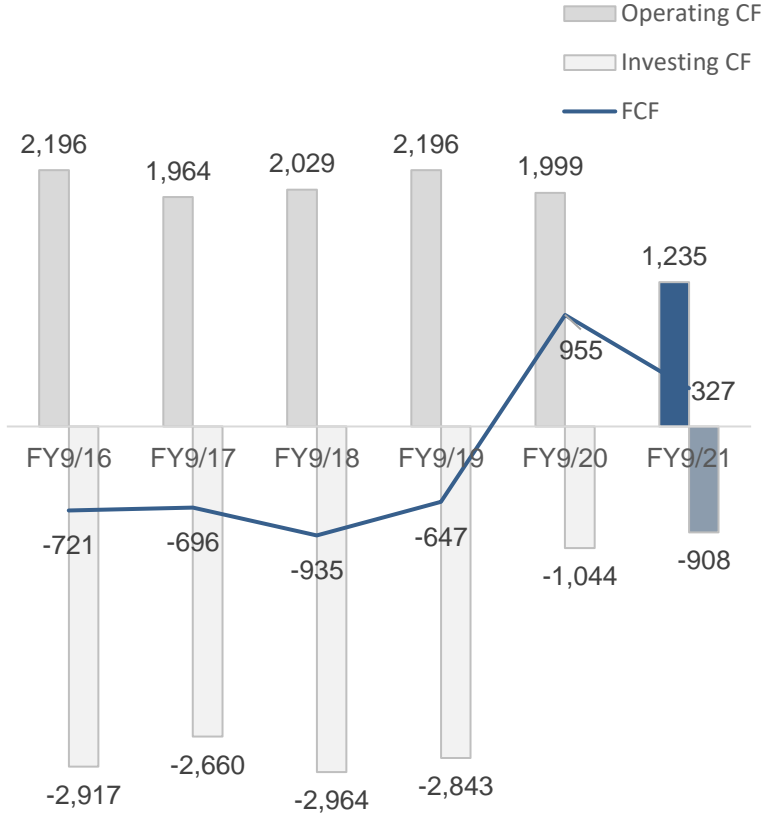
EBITDA, Free Cash Flow (FCF)

EBITDA continued on an up trend, rising 9.7% year on year to ¥1,426 million. Cash flows from operating activities decreased due to an increase in income taxes paid and a temporary increase in accounts receivable, despite a decrease in capital investment related to new openings. FCF decreased but was positive for the second consecutive fiscal year.

EBITDA (Millions of yen)



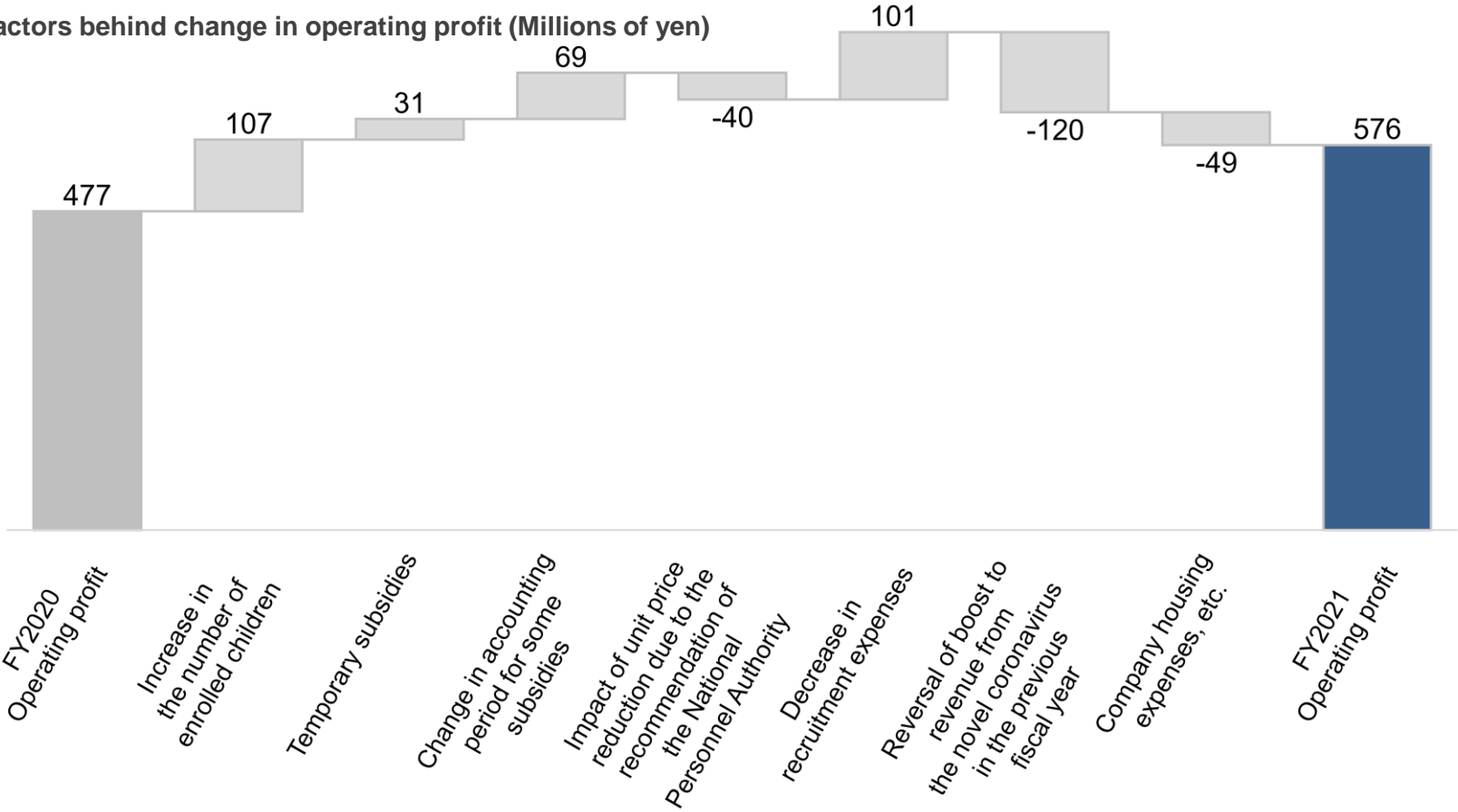
Free Cash Flow (FCF) (Millions of yen)



Factors behind change in operating profit

Profit increased despite an absence of the factors that boosted revenue in the previous fiscal year, such as voluntary restraint from nursery school attendance due to the novel coronavirus. In addition to the increase in net sales, a decrease in recruitment expenses contributed significantly to the increase in profit. Maintained the salary level of facility staff in response to the reduction in the unit price following the recommendation of the National Personnel Authority; a factor in the decrease in profit.

Factors behind change in operating profit (Millions of yen)



Note: Recruitment expenses are the sum of referral fees and recruitment advertising costs

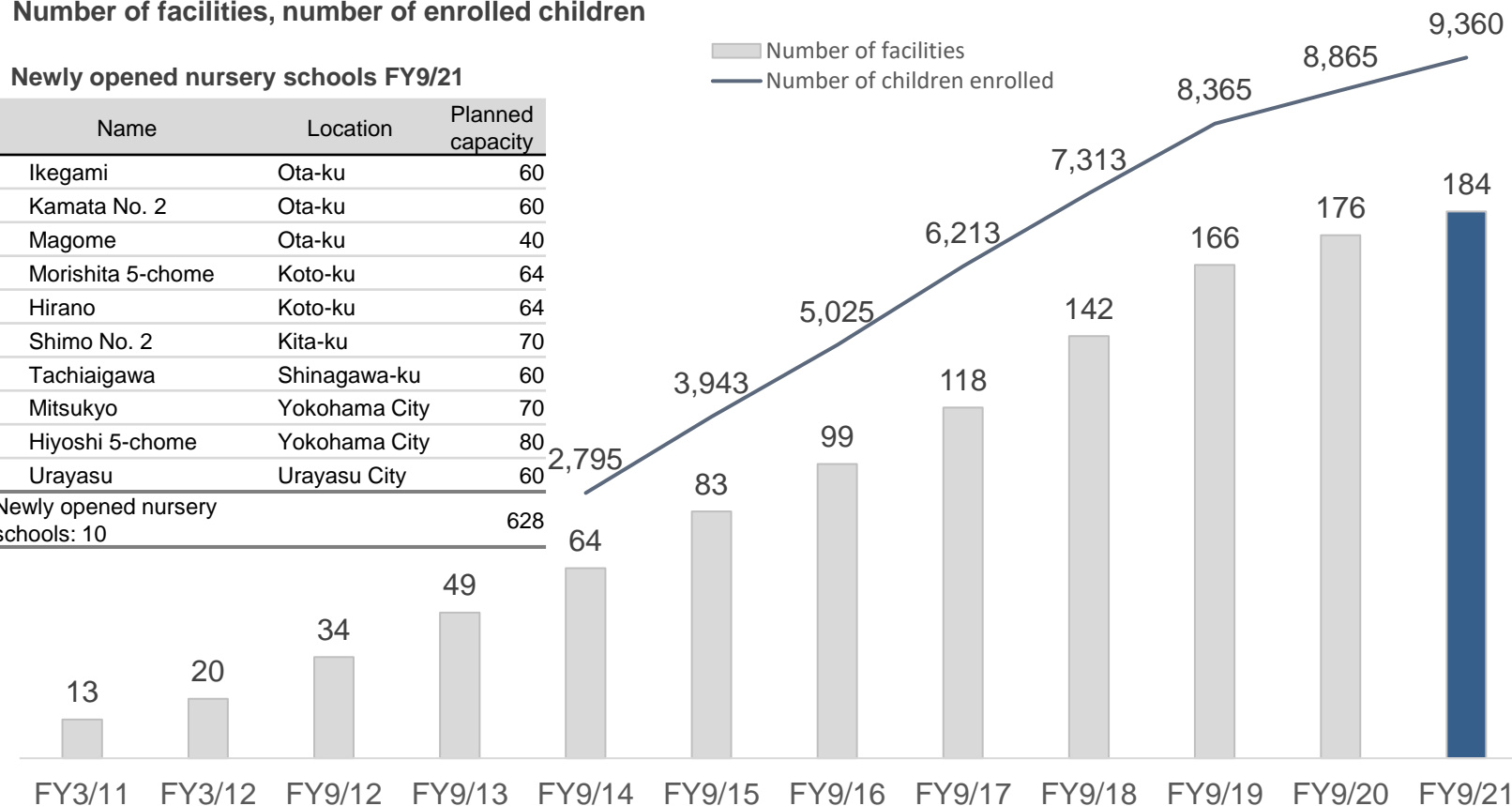
Net sales: number of childcare business facilities

In FY9/21, we opened 10 new central government licensed nursery schools (including one in transition to central government licensed status), increasing the number of facilities under operation to 184 at the end of the fiscal year. As a result, the number of central government licensed nursery schools accounted for 73.4% of all childcare facilities.

Number of facilities, number of enrolled children

Newly opened nursery schools FY9/21

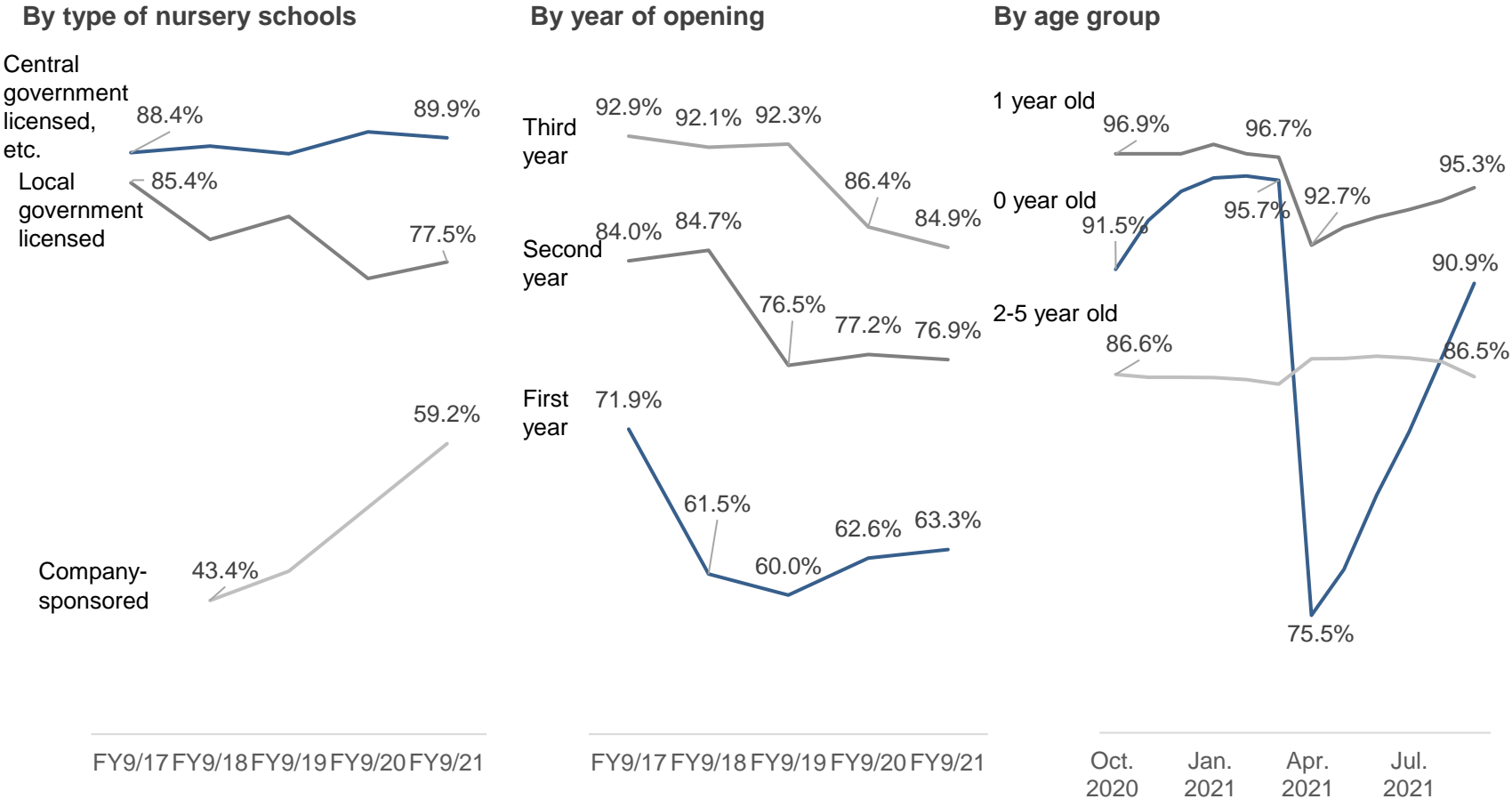
Name	Location	Planned capacity
Ikegami	Ota-ku	60
Kamata No. 2	Ota-ku	60
Magome	Ota-ku	40
Morishita 5-chome	Koto-ku	64
Hirano	Koto-ku	64
Shimo No. 2	Kita-ku	70
Tachiaigawa	Shinagawa-ku	60
Mitsukyo	Yokohama City	70
Hiyoshi 5-chome	Yokohama City	80
Urayasu	Urayasu City	60
Newly opened nursery schools: 10		628



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

Net sales: occupancy rate

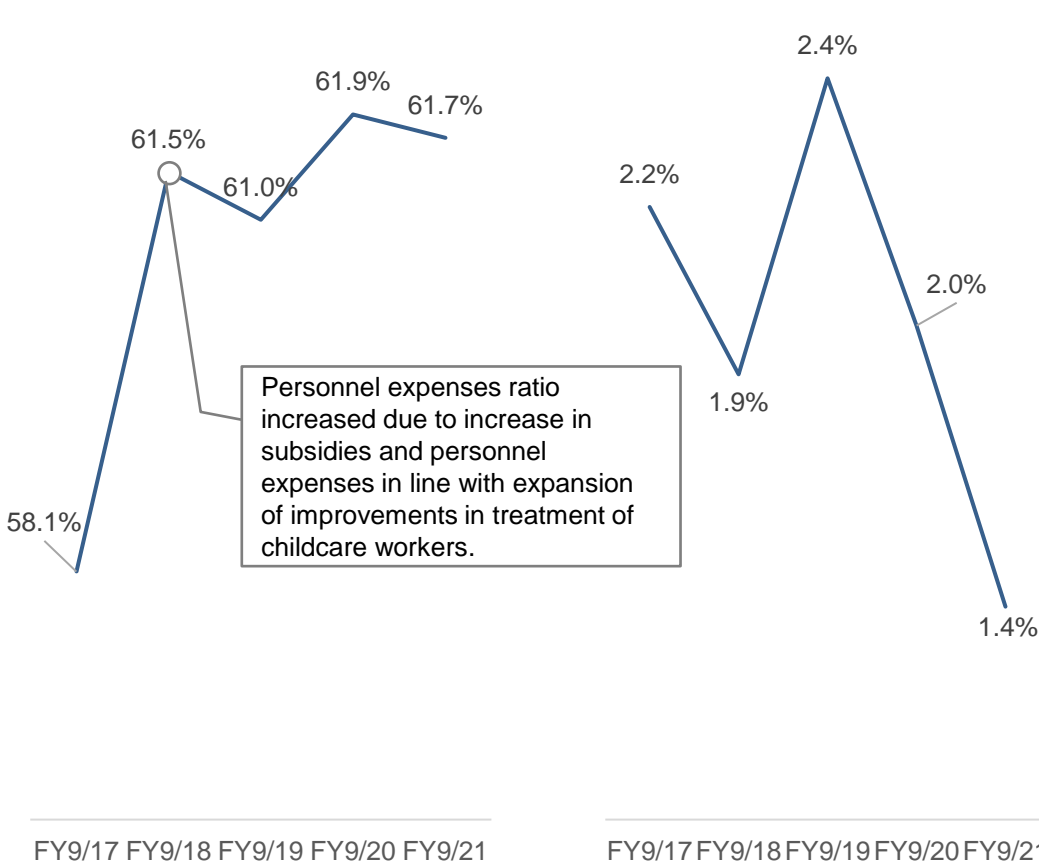
As for the occupancy rate by type of nursery schools, the rate for central government licensed nursery schools, etc. remained stable at around 90%. The rate for local government licensed nursery schools, which had been on a downward trend in recent years, is now improving. By age group, the occupancy rate for 0-year-olds dropped significantly in April due to Japan's declaration of a state of emergency, but has since recovered steadily.



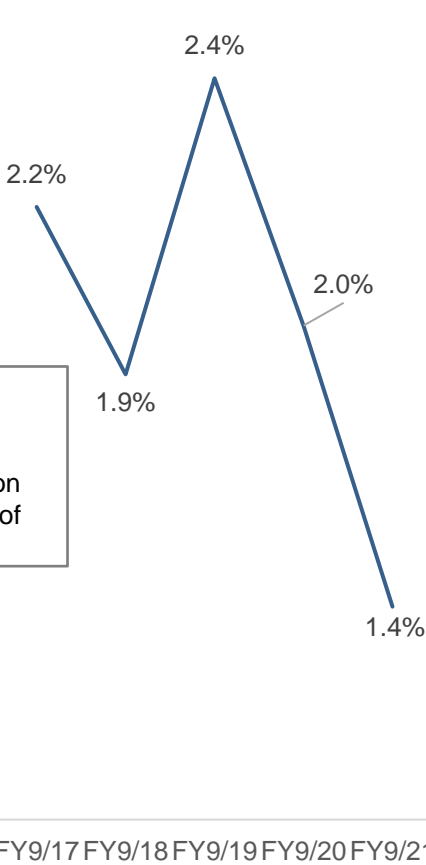
Cost of sales: personnel expenses, recruitment expenses

The recruitment expense ratio decreased due to an improvement in turnover rate, decrease in referral fees by strengthening recruitment of new graduates and referrals, and reduction in recruitment advertising expenses. The turnover rate is on a downward trend due to improved benefits and follow-up with staff.

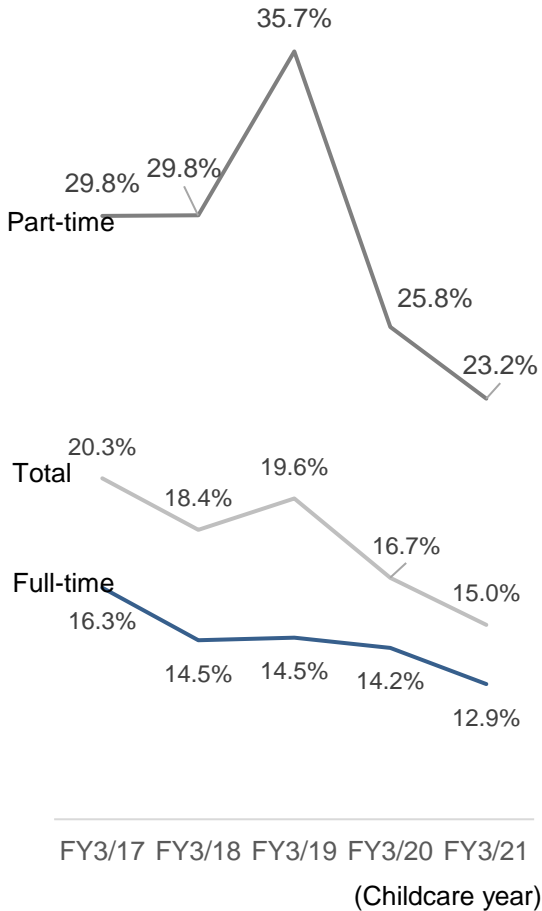
Personnel expenses/net sales



Recruitment expenses/net sales



Turnover rate



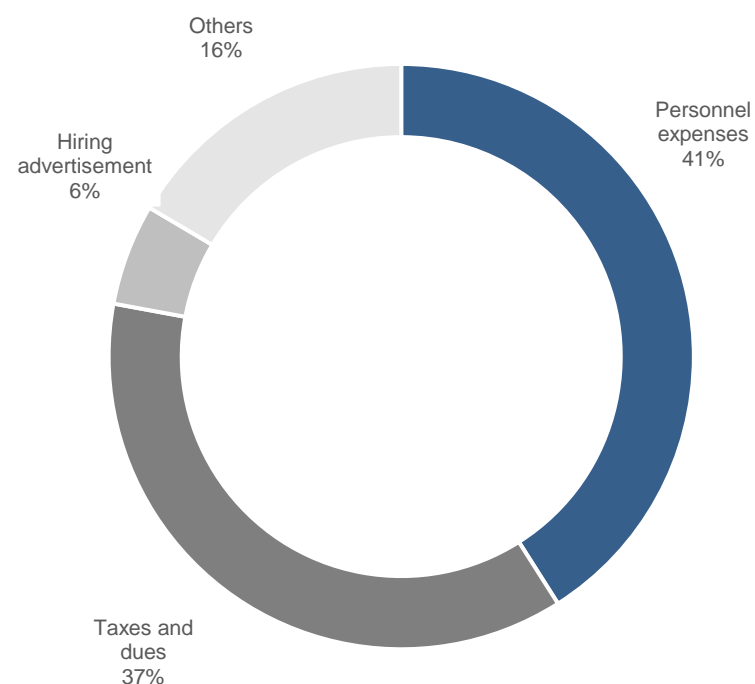
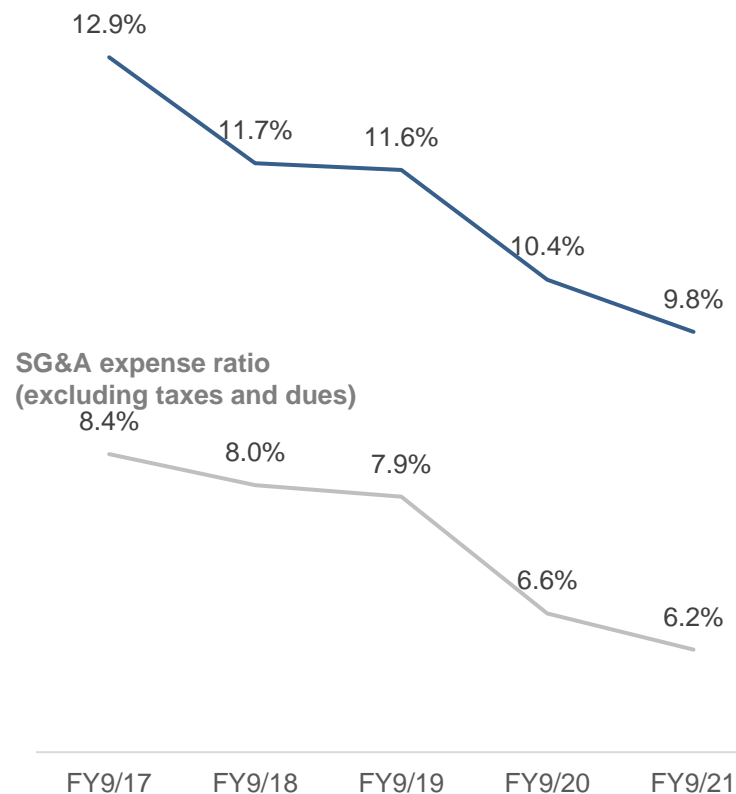
Note: Recruitment expenses are the total of referral fees and recruitment advertisement expenses

In addition to reducing the burden of fixed costs due to the increase in sales, the SG&A ratio continued to decline as we controlled head office expenses by reducing recruitment advertising costs, moving internal events online, and reducing personnel expenses by systemizing some operations. The breakdown of SG&A expenses is characterized by a high percentage of taxes and dues (consumption tax) linked to sales, at 36.9%.

SG&A expense ratio

Breakdown of SG&A expense

SG&A expense ratio

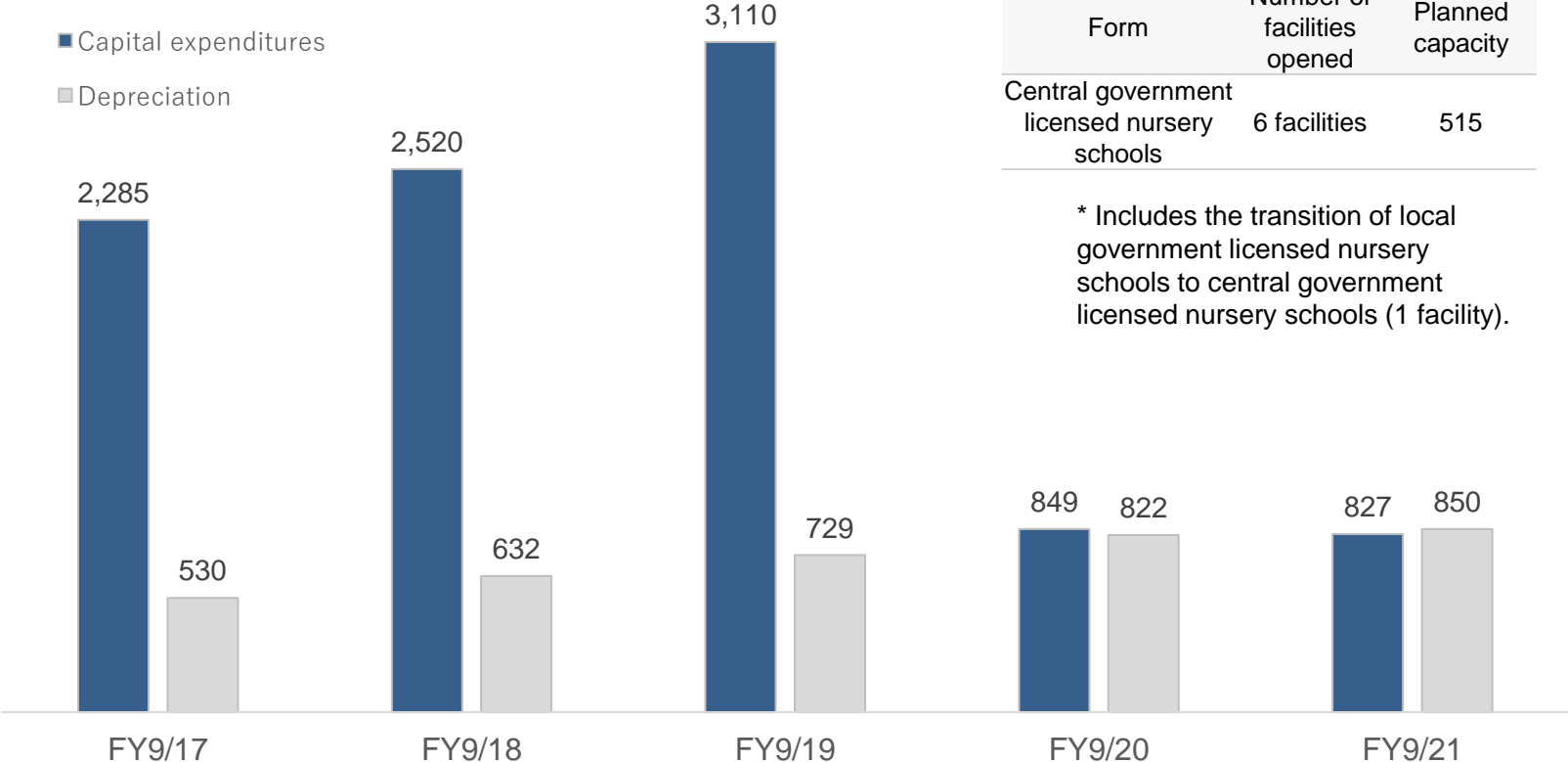


Selling, general and administrative expenses: ¥2,298 million

Capital expenditures, depreciation

From FY9/20, capital expenditures have decreased to almost the same amount as depreciation due to a decrease in the number of new facilities opened, and were almost the same level as the previous fiscal year in FY9/21.

Capital expenditures and depreciation (Million yen)



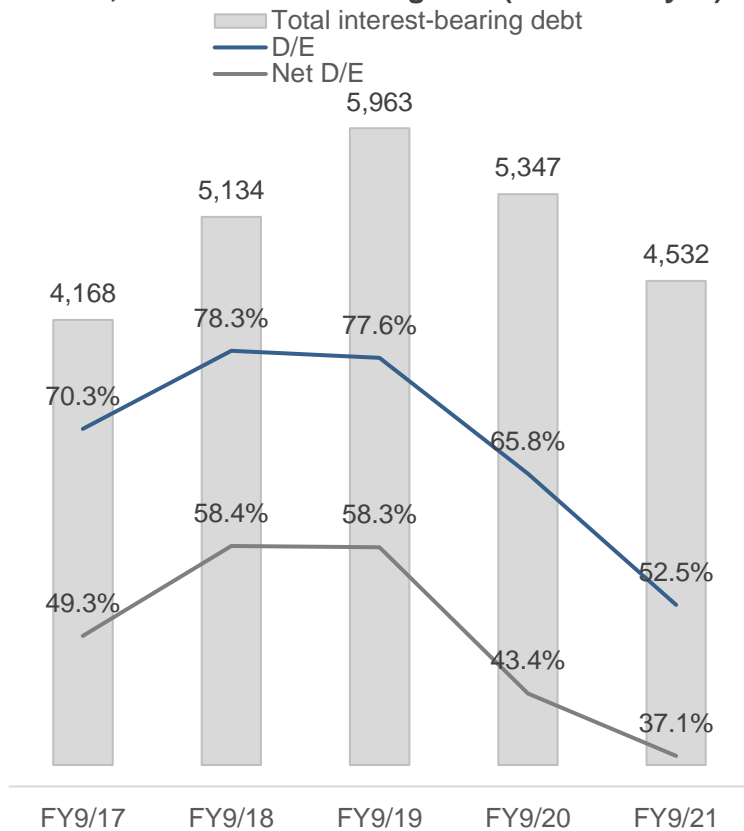
Plan to open new facilities in FY9/22

Form	Number of facilities opened	Planned capacity
Central government licensed nursery schools	6 facilities	515

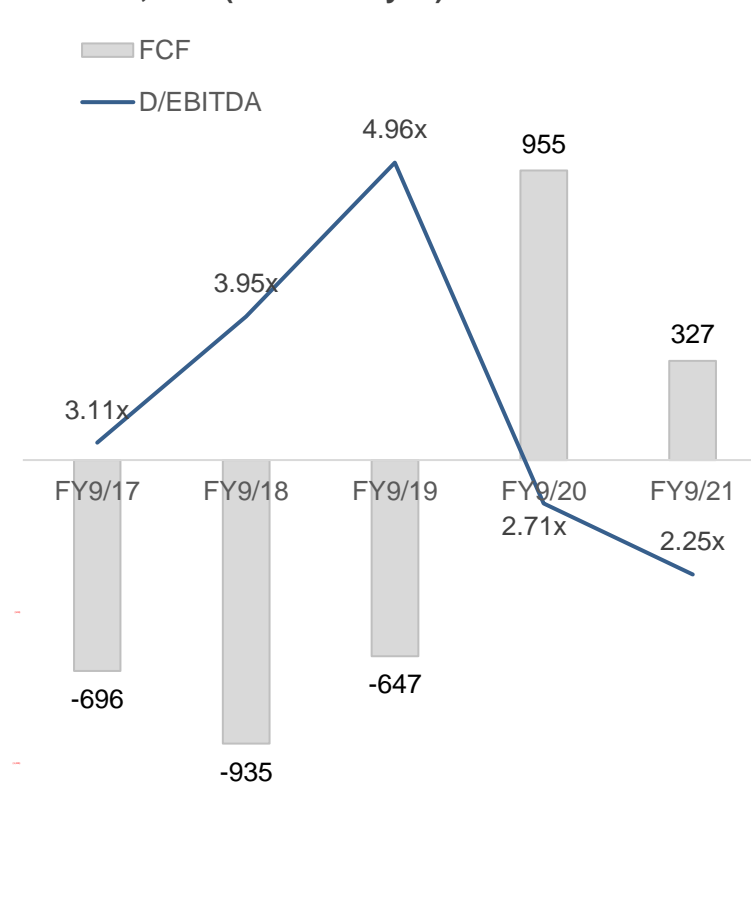
* Includes the transition of local government licensed nursery schools to central government licensed nursery schools (1 facility).

Interest-bearing debt has decreased since free cash flow turned positive in FY9/20. As a result, the D/E ratio and EBITDA interest-bearing debt ratio improved.

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



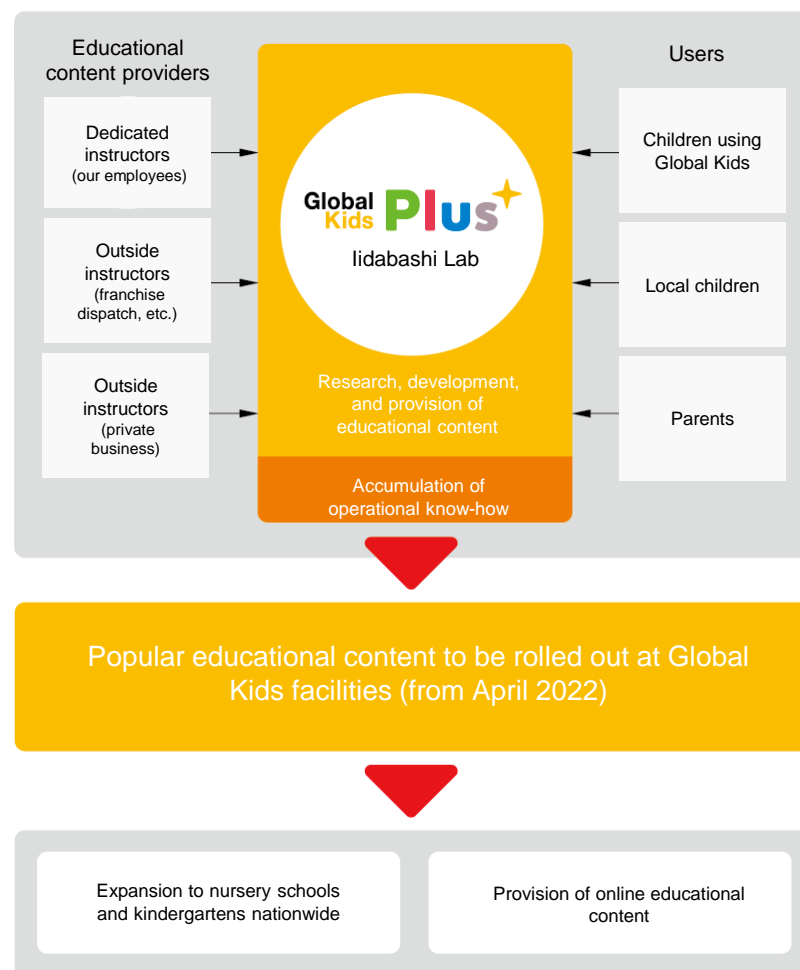
D/EBITDA, FCF (Millions of yen)



“GlobalKids Plus+” business launched

We launched the “GlobalKids Plus+” business, which will be a pioneer in the field of education, a pillar of our new business. In the future, we will accelerate the growth of our new business by rolling it out to our Group facilities.

- On October 1, 2021, we launched the “GlobalKids Plus+” business, a learning space that connects children's enjoyment and awareness to their growth.
- Specifically, we provide educational content that can be used by children who meet the requirements, focusing on IT, learning, exercise, and art programs in the area classified as after school lessons within the education industry.
- At the lidabashi Headquarters, we have established the “lidabashi Lab” as a base for research and development of educational content. We plan and provide a wide range of hands-on experience content to the users of Global Kids lidabashi (capacity: 138), Global Kids lidabashi center for early childhood education and care (capacity: 137), and lidabashi after-school daycare center No.1 and 2 (capacity: 100 in total), all of which are located at the headquarters.
- From April 2022 onward, the know-how and content cultivated through “lidabashi Lab” will be rolled out to the Group's facilities and provided to the more than 10,000 children, including local children, who use the facilities. In addition, we are planning to expand the content to about 30,000 nursery schools and kindergartens nationwide, and to provide online educational content that can be used throughout Japan and overseas, mainly in Asia.



- At a meeting of the Board of Directors held today, the Company resolved to transfer the company-sponsored childcare business operated by its consolidated subsidiary, Global Kids Company Corp., to ten inc. and signed a business transfer agreement.
- In the future, the Company aims to further expand its childcare business by focusing on central government licensed facilities.

Outline of the business transfer

(1) Outline of the final agreement

- Transfer the company-sponsored childcare business to ten inc., subject to approval by the authorities.

(2) Outline of the transferee

- Name ten inc. (Fukuoka City, Fukuoka Prefecture)
- Representative Atsushi Nishimura, Representative Director
- Business description Childcare business operator,
business development / marketing consulting operator

(3) Schedule

- Date of completion of business transfer March 31, 2022 (planned)

Forecast for the Fiscal Year Ending September 30, 2022 (FY9/22)

Forecast for the fiscal year ending September 30, 2022

In FY9/22, we expect to maintain the trend of increased sales and profits and expect both operating profit and profit to reach record highs. We plan to pay a dividend of ¥25 per share in consideration of a decrease in financial leverage and an expected increase in free cash flows.

(Millions of yen)	FY9/21 results	FY9/22 forecast	YoY change
Net sales	23,529	24,900	+5.8%
Operating profit	576	940	+63.2%
Ordinary profit	1,148	1,260	+9.7%
Profit attributable to owners of parent	481	800	+66.0%
EBITDA	1,426	1,810	+26.9%
Dividend per share	-	¥25	-

New facilities scheduled to open in FY9/22

A total of six local government licensed nursery schools are scheduled to open in April 2022, including one existing local government licensed nursery school that will be transferred to a central government licensed nursery school.

Name of facilities	Location	Planned capacity
Global Kids Shoin-jinja Ekimae	Setagaya-ku	60
Global Kids Hamacho	Chuo-ku	45
Global Kids Toyosu	Koto-ku	220
Global Kids Matsushima	Edogawa-ku	70
Global Kids Higashifushimi	Nishi Tokyo City	60
Global Kids Shinkoyasu No. 2	Yokohama City	60
New nursery schools: 6 total		515

注: 松陰神社前保育園は、認証園からの認可移行

Application for selection of “Prime Market” under the new market segments

At a meeting of the Board of Directors held on November 12, 2021, it was resolved to apply for selection to the “Prime Market” in the transition to the new market classification of the Tokyo Stock Exchange scheduled for April 2022.

- **Compliance with listing maintenance standards in new market segments**

- On July 9, 2021, the Company received the results of an initial assessment of compliance with the listing maintenance criteria for the new market category from the Tokyo Stock Exchange, and was notified that its total market capitalization does not meet the listing maintenance criteria for the “Prime Market.”

Criteria	Standard Market	Prime Market	The Company
Number of shareholders			2,140 (people)
Number of shares in circulation			34,032 (unit)
Total market capitalization of shares in circulation		✓	3,433,057,516 (yen)
Ratio of shares in circulation			36.8 (%)
Trading value			33,921,939 (yen)
Market capitalization			— (yen)

* Base price for the above judgment: ¥1,008.7 (average of daily closing prices from April to June 2021).

* Market capitalization based on the closing price (¥918) on October 29, 2021 is ¥3.15 billion.

- **Response to insufficient listing maintenance standards for the “Prime Market”**

- For specific measures to be taken to meet the listing maintenance criteria for the “Prime Market,” a “Plan for Compliance with Listing Maintenance Criteria” is scheduled to be submitted and disclosed to the Tokyo Stock Exchange by December 30, 2021.

Medium-term Management Plan (2024)

Review of the Medium-term Management Plan (2022)

In the second year of the “Medium-term Management Plan 2022,” operating profit for FY9/21 reached a record high, although the target was not achieved due to new openings that fell short of the plan and delays in cost reduction measures.

In light of the changes in the external environment, the Company concluded that the transition to the next phase of growth should be brought forward and formulated a new Medium-term Management Plan.

- **Summary**

- In FY9/21, operating profit increased 20.6% YoY, reaching a record high, but fell short of the fiscal year target of ¥700 million in the Medium-term Management Plan.
- The operating profit forecast for FY9/22, the final year of the Medium-term Management Plan, is ¥940 million, 21% below the target of ¥1.2 billion, and is not expected to be achieved.

	FY9/21 (Mid-term)	FY9/21 (Result)	FY9/22 (Mid-term)	FY9/22 (Forecast)
Net sales	24,500	23,529	27,000	24,900
Operating profit	700	576	1,200	940
EBITDA	-	1,426	2,100	1,810

- **Main reasons for unachieved target**

- Sales fell short of the target due to a lower-than-expected number of new facility developments and a decline in the occupancy rate for children aged 0-1 under the declaration of the state of emergency.
- The gross profit margin improved only slightly, even taking into account temporary factors in the previous year, due to delays in efforts to reduce costs and improve profitability at facilities.
- Maintained staff salary levels against lowering of commissioned fee (negative recommendation from the National Personnel Authority in FY2021, possibility of lowering commissioned fee).

- **Major achievements**

- Achieved stabilization of operations by lowering staff turnover rate and reducing recruitment costs. Strengthened cost control at headquarters, reduced SG&A ratio.
- Strengthened governance and internal controls, acquired the executive human resources necessary for the next phase of growth, and initiated specific measures.
- Improved and restored financial structure through stable free cash flow. Advanced financial and capital management, development return analysis, etc.

- **Aims of formulation of the new Medium-term Management Plan**

- To respond promptly to the growing and diversifying demand for childcare-related services in a broad sense, including education and childcare support, while the number of children on waiting lists is decreasing and the demand for childcare is approaching a ceiling.

Overview of the New Medium-term Management Plan (2024)

Transition from the “business expansion” phase since the Company's founding to the “business expansion and business duplication phase.” Further strengthen ICT functions to support new business strategies, and financial and capital strategies.

Instead of operating profit, the new performance target indicator is EBITDA, which is not affected by the accounting treatment of new openings.

Corporate philosophy

- “For the future of our children”

Long-term goal (2030)


- **Vision: 2030 Triple Trust**

“Becoming the company most trusted by our staff, parents, and local communities, and to become a social infrastructure for children's growth and learning”

- Improve the treatment of our staff and foster human resources who are “self-reliant” and “symbiotic” to create jobs they can be proud of.
- Encourage parents to accept their children as they are “now” and enjoy childcare.
- Connect local communities and child-rearing generations to create an environment where children can grow up in the community.

- Sufficient scale to reach out to many people in need of “childcare.”
- Provide a wide range of functions to support high-quality “growth and learning” with “childcare” at the core.
- Expand the supported age range in the future.

Medium-term Management Plan (2024)








- **Expansion of scale** Expansion of the childcare business through organic growth as well as M&As
 - **Expansion of functions** Solidify the foundation for new businesses. In addition to diversifying revenue sources, this will help improve the competitiveness of the childcare business.
- 
- **Strengthen base** Increase productivity through strategic use of ICT, create added value
Balance between financial soundness, investment for growth, and shareholder return

	FY9/21 (Results)	FY9/24 (Target)
Net sales		
Of which, childcare	23,529	31,000
peripheral fields + new businesses	-	3,000
EBITDA	1,426	2,100






Key themes and initiatives for ESG management

Our business activities themselves are directly linked to ESG. In addition, through our childcare business activities, we promote ESG management with a focus on (1) childcare and education, (2) promotion of the active participation of women, and (3) social contribution to local communities.

Social issues solved through business activities

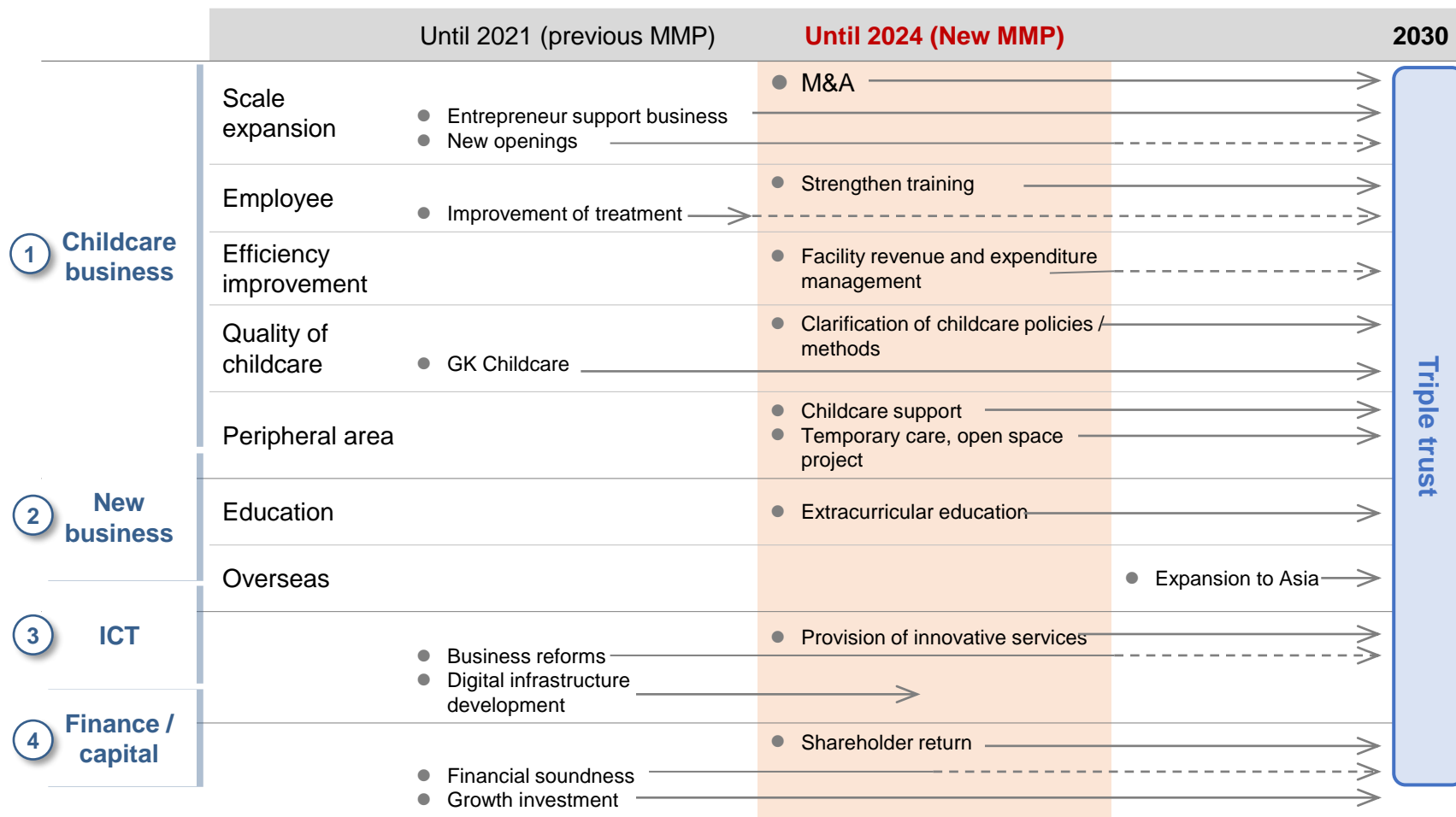
ESG Materiality		Main initiatives	Relevant SDGs
Childcare / Education	Enhancing parenting support (quality and quantity)	<ul style="list-style-type: none"> ● Practice of high-quality childcare ● Opening of new nursery schools ● Provision of school meals that support health ● Implementation of dietary education measures ● Supporting the balance between work and childcare 	 
Promotion of active participation by women	Realizing a society where people with young children can work comfortably Realizing diverse work styles	<ul style="list-style-type: none"> ● Development of preparedness to receive children, so that people with young children can work with peace of mind ● Working styles that suit diverse lifestyles ● Full vacation system ● Systems related to childbirth and childcare ● Nursing care systems 	 
Social contribution to local communities	Creating opportunities to receive childcare	<ul style="list-style-type: none"> ● Creating of local hubs for raising children ● Contribution to abuse prevention and poverty control ● Job creation in the local community ● Serving as local evacuation hubs in the event of a disaster 	  

Social issues solved through corporate activities

ESG Materiality		Main initiatives	Relevant SDGs
Human resource development	Improving expertise and career development	<ul style="list-style-type: none"> ● Flexible work style reform ● Creating learning environments ● Career path set according to growth 	 
Global environment	Contributing to the global environment	<ul style="list-style-type: none"> ● Food loss reduction activities ● Collecting and donating unwanted picture books from nursery school users ● Reducing CO2 emissions by promoting LED lighting ● Promoting revitalization of domestic forestry and forest conservation through active use of domestic timber 	  

Focus areas for the Medium-term Management Plan

The new Medium-term Management Plan period (up to 2024) will lay the foundation for the realization of our vision “2030 Triple Trust” in 2030. (1) Continued expansion of scale and efficiency in the childcare business, (2) full-scale entry into new businesses, (3) ICT to support these business strategies, and (4) strengthening of financial and capital strategies.



While demand for childcare services is expected to peak out in the Tokyo metropolitan area within a few years, we assume that demand will continue for the “nursery school of choice” that offers high-quality childcare, convenience for parents, and educational functions. In addition to new openings, we will continue our business expansion strategy by actively utilizing M&As.

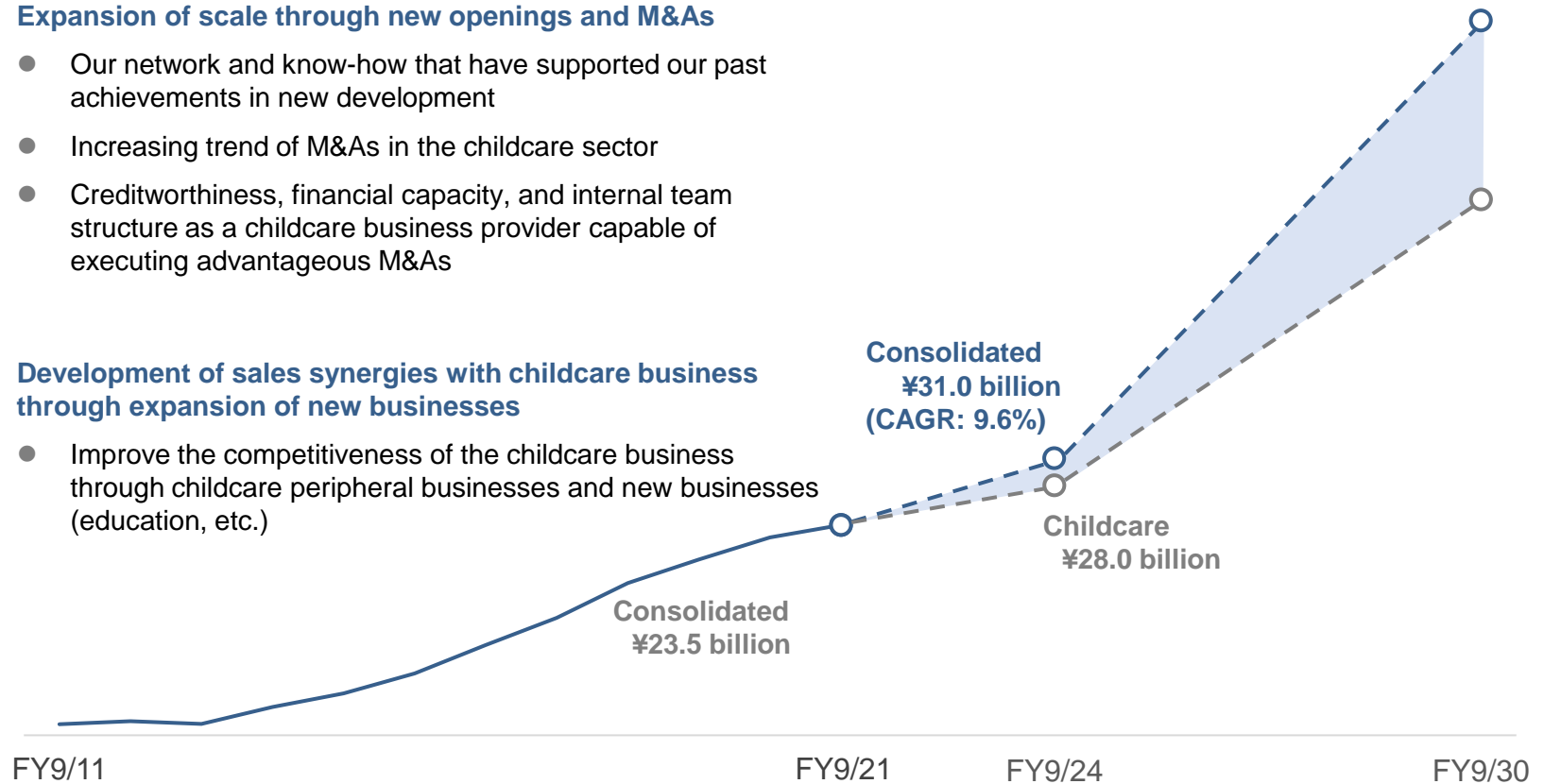
Net sales target

Expansion of scale through new openings and M&As

- Our network and know-how that have supported our past achievements in new development
- Increasing trend of M&As in the childcare sector
- Creditworthiness, financial capacity, and internal team structure as a childcare business provider capable of executing advantageous M&As

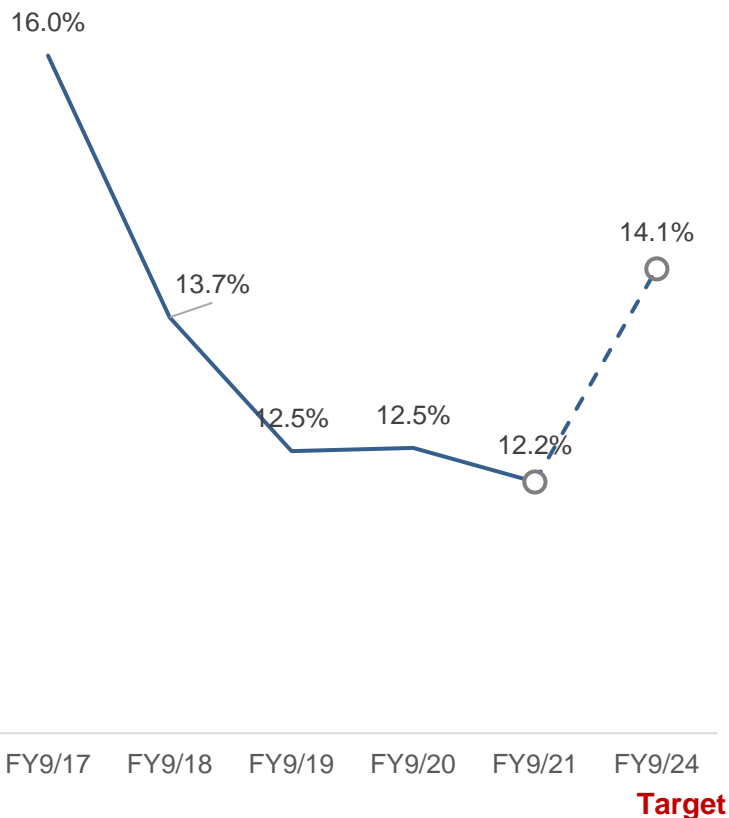
Development of sales synergies with childcare business through expansion of new businesses

- Improve the competitiveness of the childcare business through childcare peripheral businesses and new businesses (education, etc.)

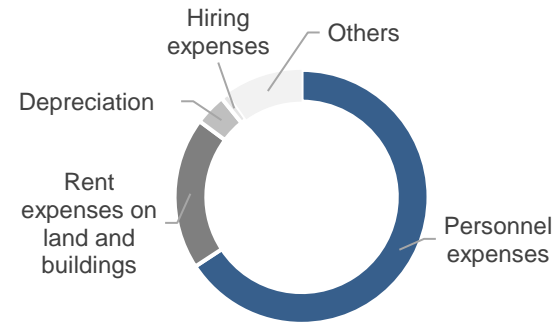


In addition to improving the occupancy rate, improve the profit margin through appropriate cost control. Aim to improve gross profit margin by 1.9 percentage points from the results for FY9/21.

Gross profit margin



Breakdown of cost of sales (FY9/21)



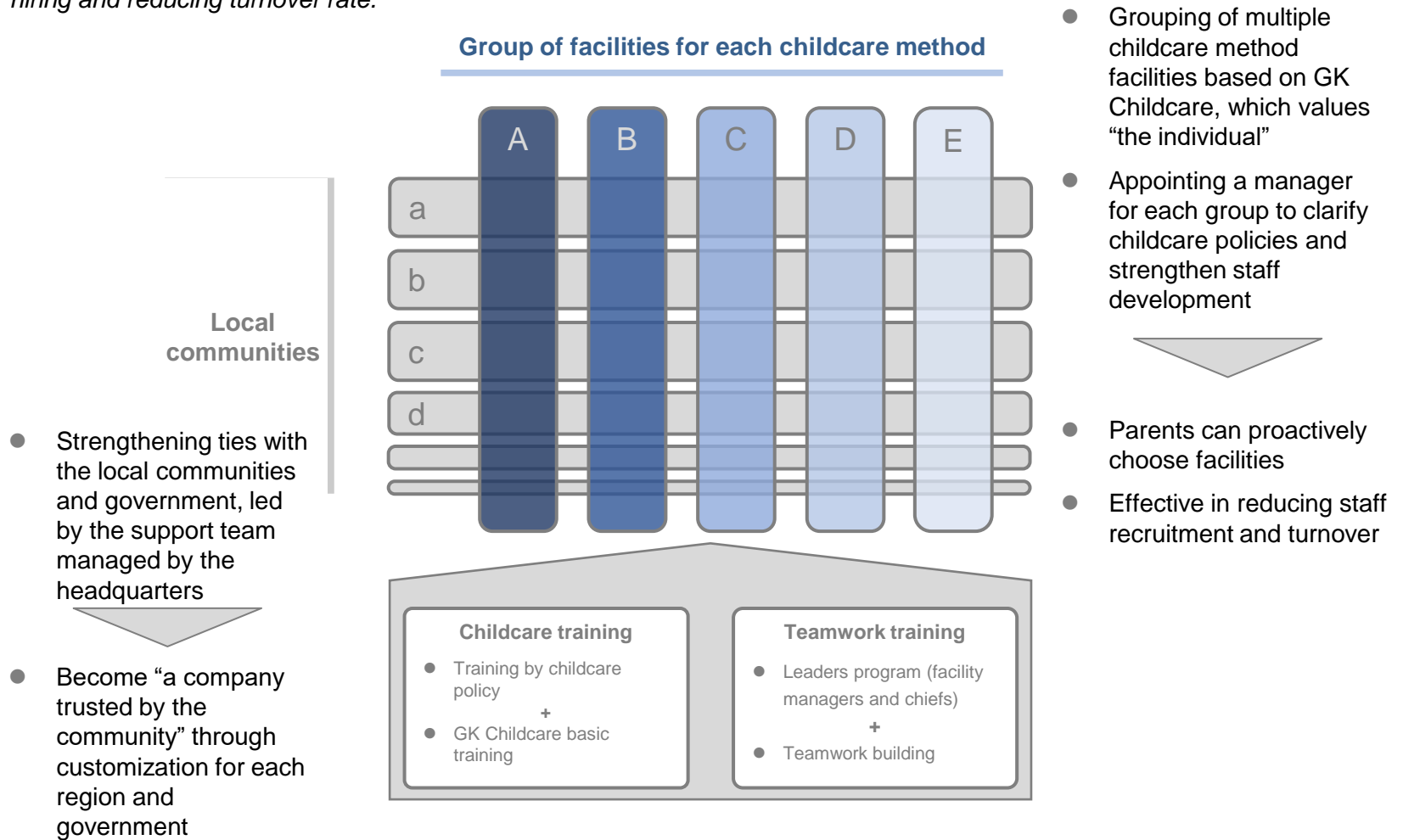
Major measures to improve revenues

- Net sales
 - Improve occupancy rate by strengthening marketing
- Cost control
 - Balancing improvement in treatment with control of personnel expenses through appropriate capacity and allocation
 - Strengthening facility revenue and expenditure management through KPI monitoring
 - Training the next generation of facility managers, reducing the retirement rate by strengthening recruitment of new graduates and referrals, and controlling recruitment costs
- Elaboration of investment return analysis at the time of new openings
- Promoting the transition of local government licensed nursery schools to central government licensed nursery schools

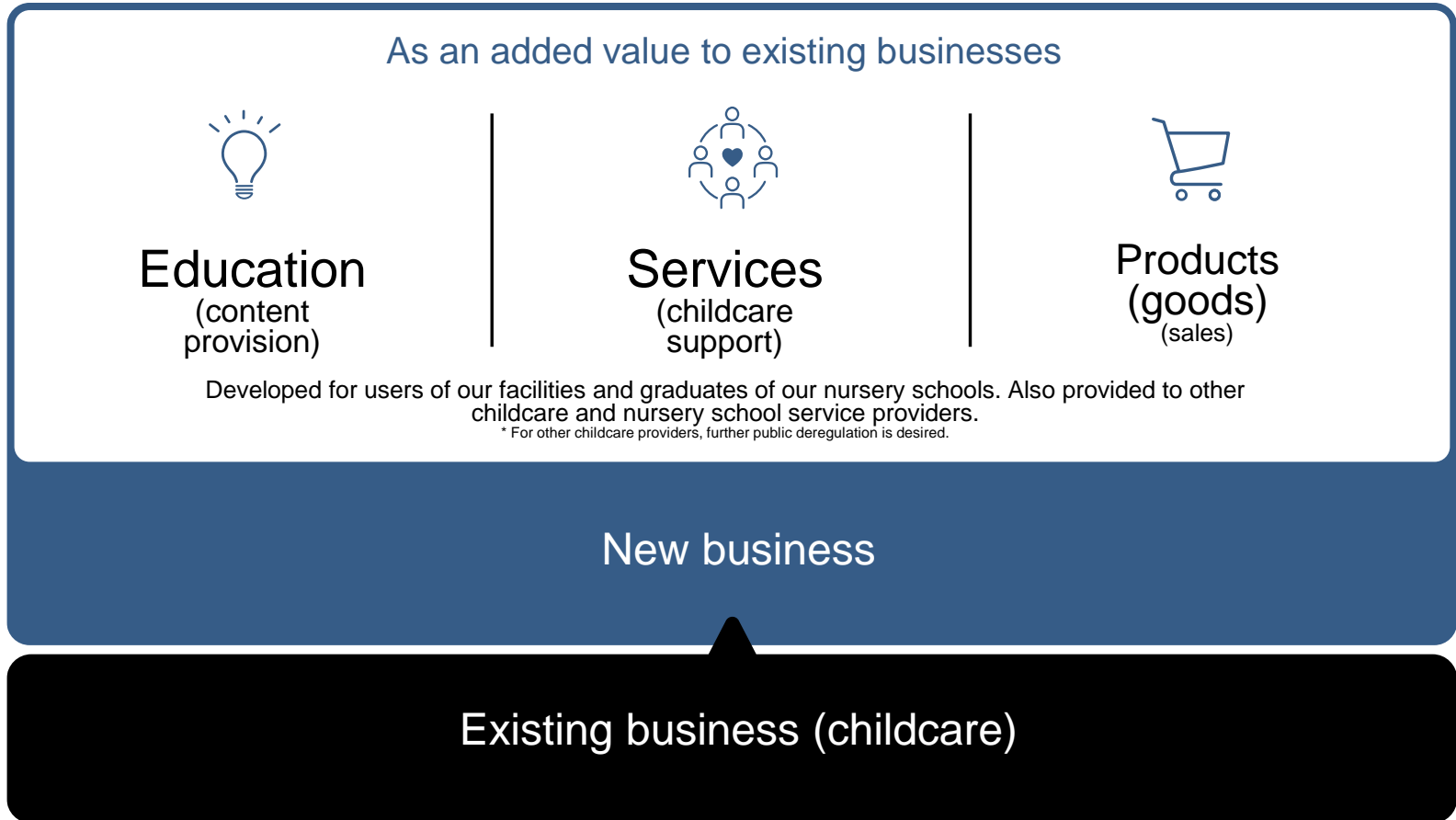
Childcare: developing a matrix system of the childcare method combined with local communities and strengthening staff development

We have developed several groups of facilities based on different childcare methods based on “GK Childcare.” Clarification of childcare policies allows parents to make proactive choices.

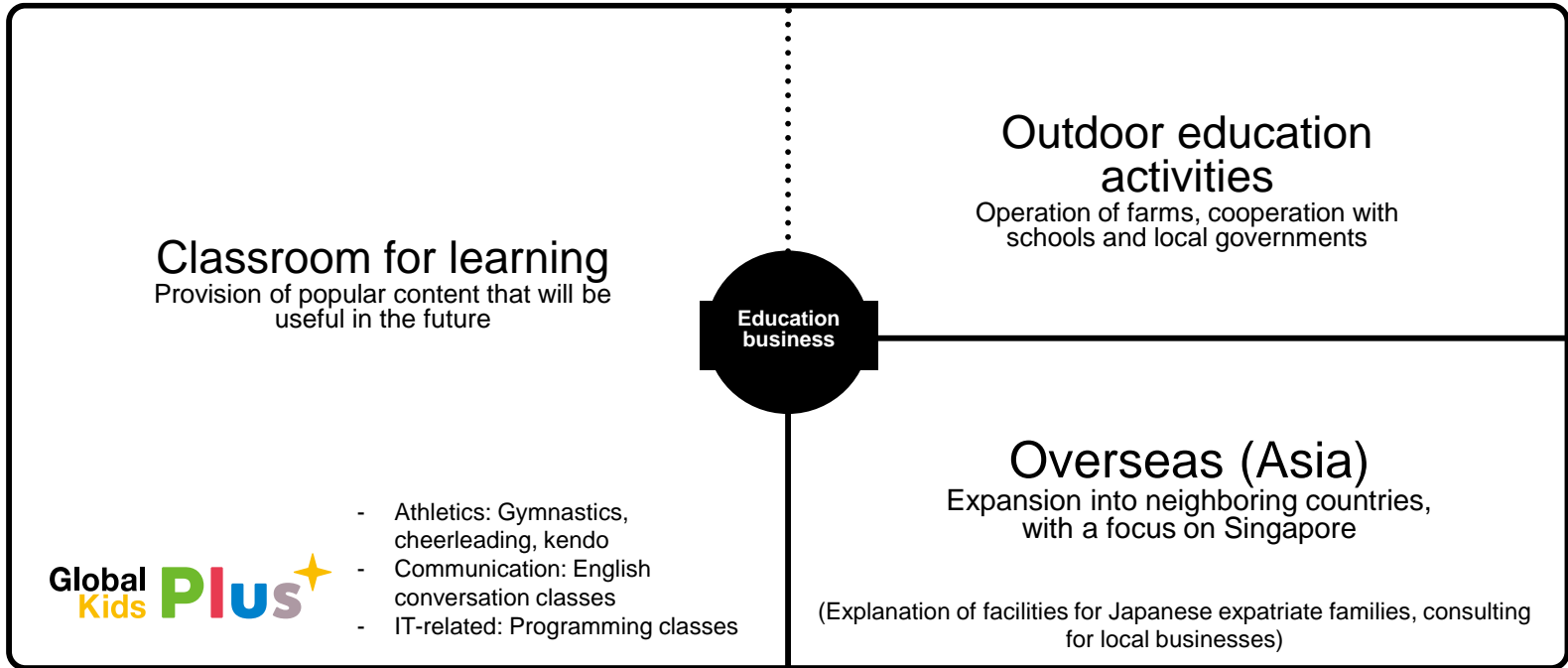
Strengthen staff development to clarify childcare policies and methods and achieve a matrix that is close to local communities. These measures will improve the attractiveness of the facility as a place for employees to work, and have a positive effect on hiring and reducing turnover rate.



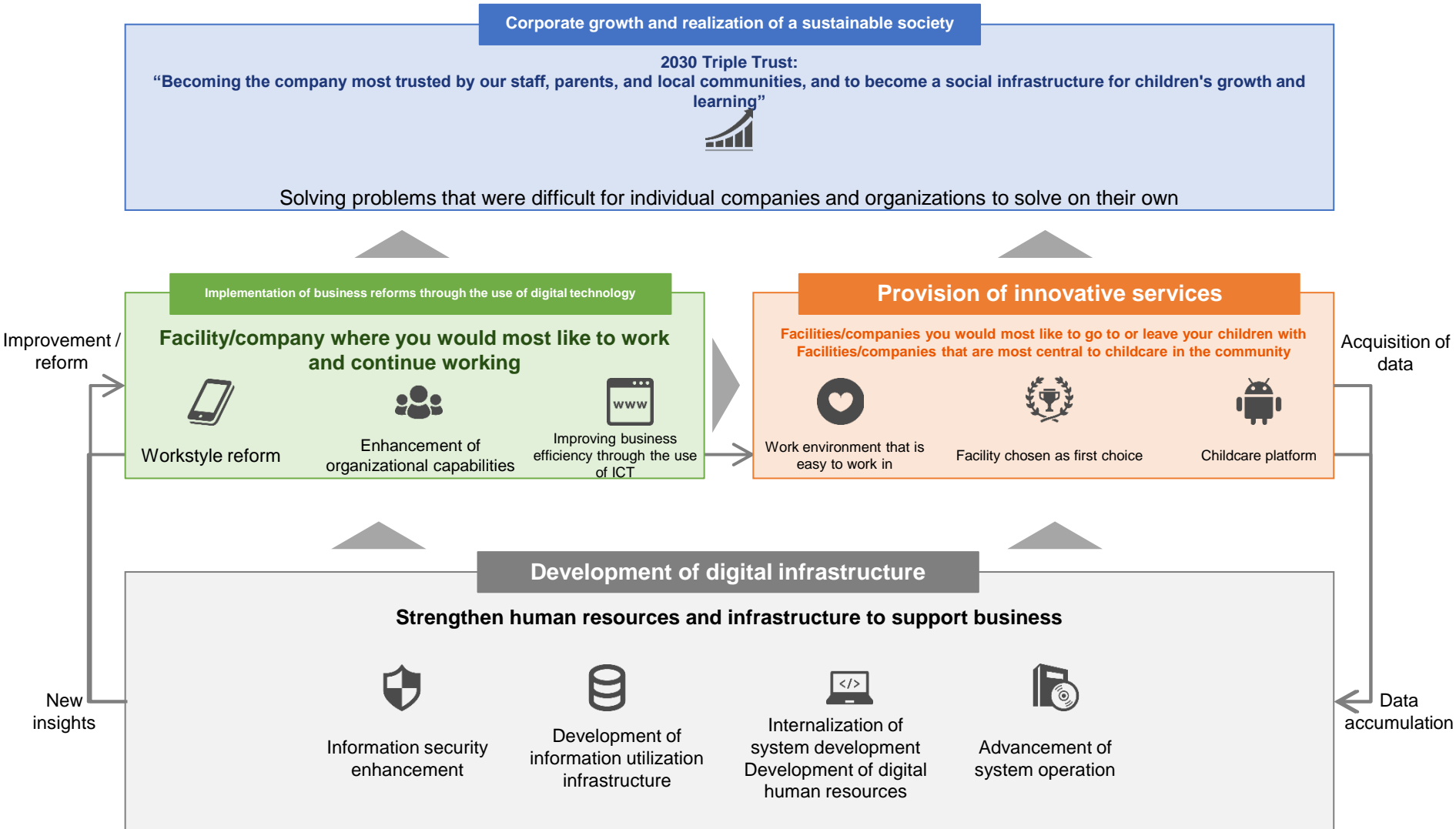
We provide an environment and opportunities for children, who will be the leaders of the future, to deepen their own learning. We also provide support (goods and services) for parents so they can feel that raising children is enjoyable.



We provide a wide range of environments for children to learn, not only in nursery school facilities, but also in various spaces and online. We also contribute to the future of children in Asian countries.

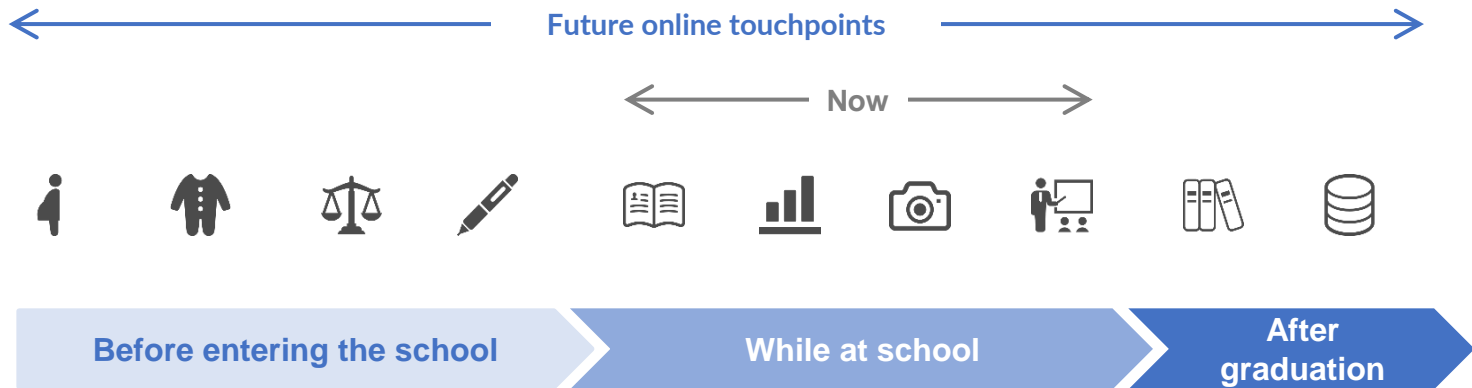


By the end of the previous fiscal year, we had reached a certain point in the development of our digital infrastructure, and we will move on to promote business reforms and provide innovative services.



3 ICT: innovative service delivery - childcare platform

To maximize the value of parents' ongoing experiences, from before their children enter nursery school to after they graduate, we provide value that is attuned to their original parenting needs through online touchpoints.



Providing information for safe and secure childcare through a childcare platform

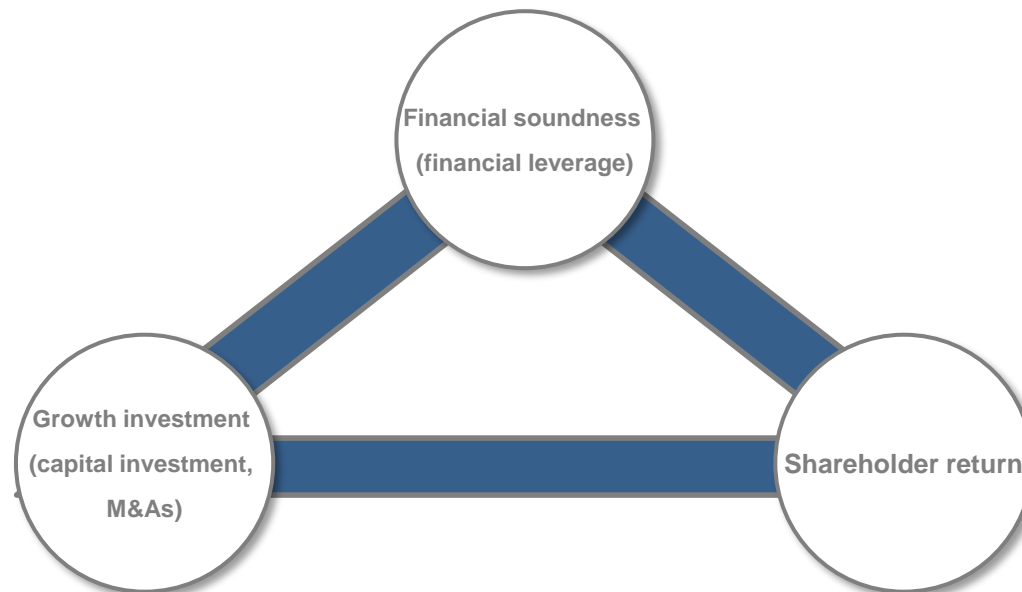
- Reduce the anxiety of parents through direct support ("childcare") and indirect support ("provision of information")
- Initially offered to parents of enrolled children
 - Consultation on children's growth, childcare, information, and education-related services, from before entering the nursery school to after graduation
 - Strengthen function as a platform by enriching its content as needed

Financial position and capital: maintain financial soundness and balance between investment in growth and shareholder return Global Kids

Free cash flow turned positive after FY9/20, and progress was made in improving the soundness of the financial base. Transition from the growth phase since the Company's founding to the phase of balancing growth and shareholder return.

Targeting a total return ratio of 30% to 50% for the time being.

- Maintain financial soundness to support investment in growth
- Reduce cost of capital through optimal capital structure



- Continue to actively invest in growth.
- In making investment decisions, we strictly evaluate their consistency with management strategies and the sufficiency of returns on a cash flow basis, and maintain financial discipline.
- For the time being, the target is a total return ratio of 30% to 50%. The level of return will be determined based on the state of free cash flows.
- Returning profits to shareholders through dividends for the time being, with the aim of increasing the number of shares in circulation.
- Basic principle is to pay stable (increasing) dividends.

Proposed executive appointments (to be elected at the Annual General Meeting of Shareholders to be held on December 21, 2021)

	Name	Responsibility	Brief personal history, etc.
Representative Director & CEO	Yuichi Nakasho		As Representative Director & CEO, he oversees company-wide operations, formulates management strategies, and leads various proposals through industry associations. Since founding the company himself in 2006, he has been driving the growth of the Group with his high corporate philosophy and vision. In 2019, he established Japan's first Jenaplan-accredited school, Ohinata Elementary School (in Sakuho-machi, Minamisaku-gun, Nagano Prefecture).
Director	Tatsuya Sugo	HR, General Affairs, New Business	Joined the Company in 2019. He has gained extensive management experience both in Japan and overseas in a wide range of fields including childcare, education, manufacturing and sales at Pigeon Corporation and others. At the Company, he leads human resources, general affairs, and new business, utilizing his extensive experience and wide range of contacts.
Director	Saburo Udagawa	Childcare Business, Human Resource Development, System	Joined the Company in 2010. He has been in charge of a wide range of fields, from the childcare business division to general affairs, human resources, and other administrative divisions, and is a core human resource in our childcare business who values the connection between childcare, human resources, and the workplace. He has a wealth of experience and knowledge in all aspects of child welfare field management.
Director	Shuichi Taura	Business Planning	Joined the Company in 2008. As manager of the facility development division, he was responsible for numerous new openings and led the Company's high sales growth. He will continue to lead the growth of the childcare business by taking charge of new openings and administrative support.
Director	Masayuki Noda	Management Planning, Finance	Joined the Company in May 2021. He joined the Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.) in 1996. From 2003 until joining the Company, he worked at the Investment Banking Division of J.P. Morgan Securities Japan Co., Ltd., where he was involved in domestic and international fund-raising and the M&A advisory business.
Director (Outside)	Mitsunobu Ishii		
Director (Outside)	Shinji Kuwato		
Director (Outside)	Kazue Shiomi		
Full-time Corporate Auditor (Outside)	Akiko Hashiguchi		
Corporate Auditor (Outside)	Rieko Kataoka		
Corporate Auditor (Outside)	Nobuaki Ishizaki		

Appendix

Breakdown of the number of facilities in operation

	FY3/11	FY3/12	FY9/12	FY9/13	FY9/14	FY9/15	FY9/16	FY9/17	FY9/18	FY9/19	FY9/20	FY9/21
Licensed (Tokyo)	2	3	6	9	20	28	38	56	70	86	91	98
Licensed (Kanagawa)	3	4	7	9	12	16	17	19	20	23	25	27
Licensed (Other)	-	-	-	-	-	3	5	6	8	9	9	10
Licensed by Tokyo Met. Gov't	8	11	15	20	20	21	22	20	20	17	17	16
Centers for early childhood education and care, etc.	-	1	3	5	5	5	6	5	5	6	6	6
Company-sponsored	-	-	-	-	-	-	-	-	7	11	11	11
After-school day care centers and children houses	-	1	3	6	7	10	11	12	12	13	13	12
Child developmental support facilities	-	-	-	-	-	-	-	-	-	1	4	4
Total	13	20	34	49	64	83	99	118	142	166	176	184

Note: Centers for early childhood education and care, etc. : Centers for early childhood education and care, small-scale, in-office

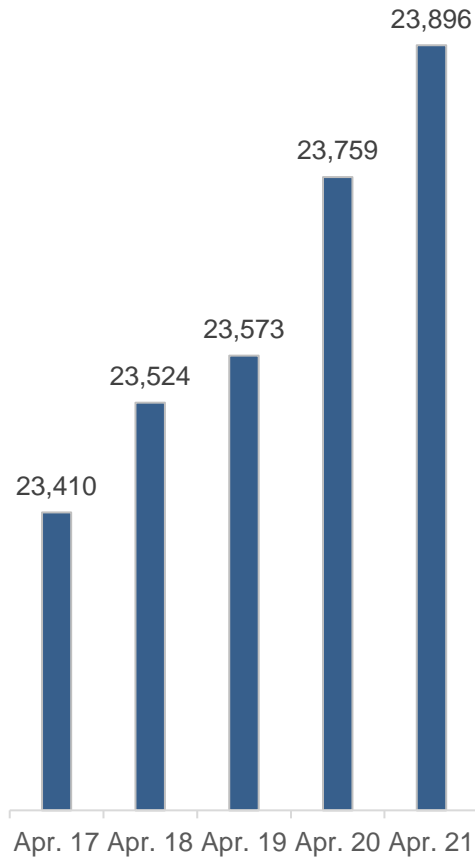
Ranking of childcare service sales

	Company name	Net sales (Millions of yen)
1	JP-HOLDINGS	33,500
2	LIKE	26,396
3	Kodomo no Mori	24,054
4	Global Kids Company	23,529
5	Poppins	21,384
6	AIGRAN	15,628
7	HITOWA Kids Life	11,657
8	teno. Corporation	10,778
9	Sakurasaku plus	10,004
10	ART CHILDCARE	8,425

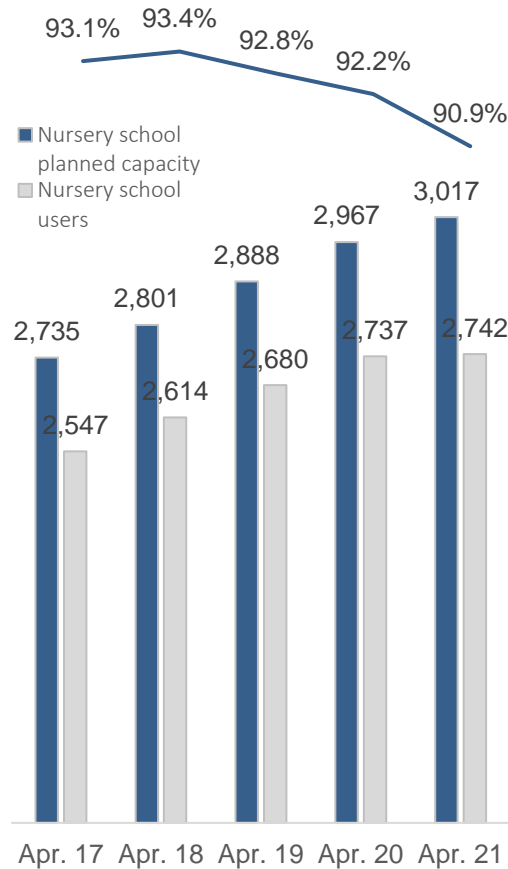
Source: The Nikkei MJ. Financial results for the Company and LIKE.

Note: For the Company, JP Holdings, Like, and Sakurasaku Plus, sales for the fiscal year ended in 2021. For other companies, sales for the fiscal year ended in 2020.

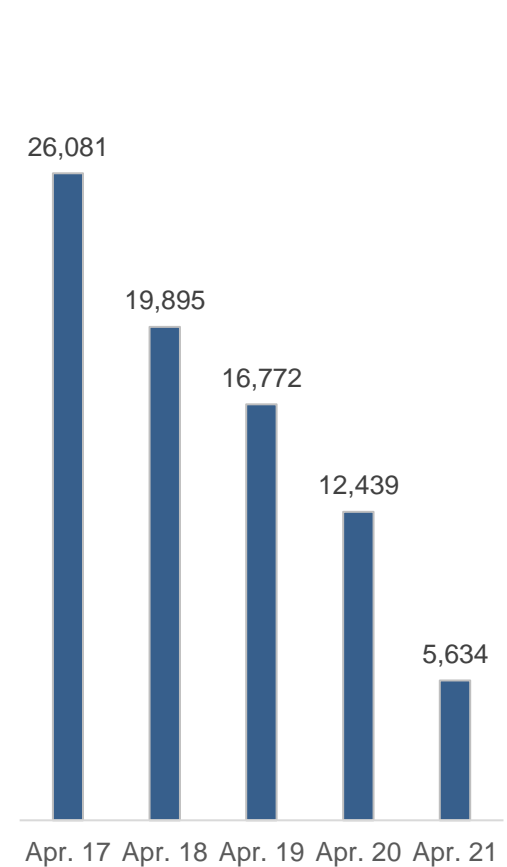
Number of central government licensed childcare centers (nationwide)



Capacity and utilization of nursery schools (thousands)



Number of wait-listed children nationwide (persons)



Source: Ministry of Health, Labour and Welfare

Main types of nursery schools in operation

	Establishment standards	Main operating revenue
Central government licensed nursery schools	<ul style="list-style-type: none"> ● Facilities with national standards based on the Child Welfare Act ● Approval from the prefectural governor, etc., is required for establishment 	<ul style="list-style-type: none"> ● Receives facility-based benefits paid by the national and local governments as a commissioned fee
Independently licensed nursery schools (local government standards)	<ul style="list-style-type: none"> ● Facilities that are not central government licensed but meet the unique standards of the local government (including the Tokyo Metropolitan Government, Yokohama City, etc.) 	<ul style="list-style-type: none"> ● Operating subsidies provided by the local government that established the system ● Childcare fees paid by users
Company-sponsored nursery schools	<ul style="list-style-type: none"> ● Facilities established under the subsidy program for companies initiated by the Cabinet Office ● Has the nature of both onsite childcare for the company that established it and public nursery schools open to the community 	<ul style="list-style-type: none"> ● Subsidies granted by the Child Upbringing Association in accordance with the guidelines for implementing subsidies for company-led childcare business ● Childcare fees paid by users
Childcare centers other than central government licensed, etc.	<ul style="list-style-type: none"> ● Facilities other than central government licensed or local government licensed 	<ul style="list-style-type: none"> ● Childcare fees paid by users
Nursery schools at business offices	<ul style="list-style-type: none"> ● A facility operated by an operating company for its employees using part of its business premises 	<ul style="list-style-type: none"> ● Contracting fees from the operating company to the management company and childcare fees from users ● In some cases, the local government will provide operating expenses

