Presentation Materials for the Earnings Briefing for the Fiscal Year Ended September 30, 2022

Global Kids Company Corp.

November 11, 2022

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.

Information within these materials on topics not concerning the Company in quoted from published information and other sources. As such, the accuracy and appropriacy of the information have not been verified, nor are any guarantees provided thereof.

Contents

Status of Return of Commissioned Fees, etc. and Internal Investigations into Incidents of Improper Conduct and Measures to Prevent Recurrence

We have concluded that the incidents of improper conduct occurred due to a lack of governance resulting from the prioritization of expansion since our founding, a corporate culture with little awareness of compliance, and a lack of self-cleansing action due to rigid organizational and human resource policies.
Under the new management structure, the Group will thoroughly implement measures to prevent recurrence and will work tirelessly to establish a corporate culture and governance system that will prevent such misconduct from ever occurring again.

Return of commissioned fees

- On November 11, 2022, we completed the return of a total of ¥19 million in commissioned fees (excluding certain additional penalty amounts) to eight authorities in Tokyo to which Global Kids K.K. had falsely reported lists of names and other information.
- As for nursery schools outside of Tokyo, we have confirmed one case of false reporting in Yokohama City, and we plan to submit an improvement report soon.

Internal investigations into incidents of improper conduct

- As a result of an investigation into whether business operations are being conducted properly under the new management structure and a review of overall business processes by new directors and general managers, the Group has confirmed several incidents of improper conduct.
- We will report these matters to the authorities without delay, and we are continuing to conduct detailed investigations. If, after consultation with the relevant authorities, it is determined that a case should be disclosed, we will promptly report it.

Measures to prevent recurrence

- The following recurrence prevention measures have been implemented in response to the discovery of the above incidents of improper conduct:
  - Clarification of the responsibility of management and those involved in the name list falsification incident, disciplinary actions, changes in the responsibilities of officers, and personnel changes
  - Reorganization, including the establishment of a Quality Control Department, and a review of the operational workflow, with the aim of achieving a check-and-balance effect
  - Strengthening of compliance training, including the dissemination of the Code of Conduct to all officers and employees
  - Review of the personnel evaluation system with an emphasis on compliance with laws and regulations
  - Revision of compliance-related regulations, establishment of whistleblower regulations, and strengthening of whistleblower protection

Overview of Results for the Fiscal Year Ended September 30, 2022 (FY9/22)

Highlights for FY9/22

Operating results for 4Q FY9/22

- Net sales were ¥6,088 million, up 1.5% compared to the previous quarter on the back of improved occupancy rates. Although the transfer of the company-sponsored childcare business at the end of March was a factor in a year-on-year decline, the occupancy rate of newly opened facilities remained strong, resulting in an increase in sales.
- Operating profit was ¥205 million, a significant increase of 55.8% compared to the previous quarter. While down 8.1% year on year, it was up 60.6% excluding the impact of a change in the timing of recording certain subsidies from the previous fiscal year and one-time expenses related to M&A, etc.

Operating results for FY9/22

- Net sales and operating profit both reached record highs. Operating profit increased significantly by 48.1% excluding the impact of the accounting change in the previous fiscal year and one-time expenses for M&A, etc.
  - Net sales ¥24,352 million (up 3.5% year on year)
  - Operating profit ¥707 million (up 22.9% year on year)
- Free cash flow increased significantly by 143.7% year on year, and both D/E ratio (down from 52.5% to 44.4%) and D/EBITDA ratio (down from 1.90x to 1.24x) improved

Full-year earnings forecast for FY9/23

- Net sales are expected to increase due to the contribution of new facilities opened in the previous fiscal year. Operating profit is expected to increase further due to the implementation of measures to improve profitability, despite a significant increase in ICT-related expenses (up ¥256 million year-on-year)
  - Net sales ¥24,750 million (up 1.6% year on year)
  - Operating profit ¥800 million (up 13.0% year on year)
- Dividends are expected to increase by ¥5 per share to ¥30 per share due to the expected increase in free cash flow

Results summary for FY9/22

FY9/22 results show an increase in both sales and profit. Operating profit fell short of the initial forecast, but reached a record high for the third consecutive year.
Gross profit margin improved due to the business transfer and an improvement in the labor cost ratio, and operating profit margin improved due to the control of SG&A expenses.
Net income attributable to owners of parent was in the red due to the recording of impairment losses on nursery schools, which are expected to require a longer payback period.

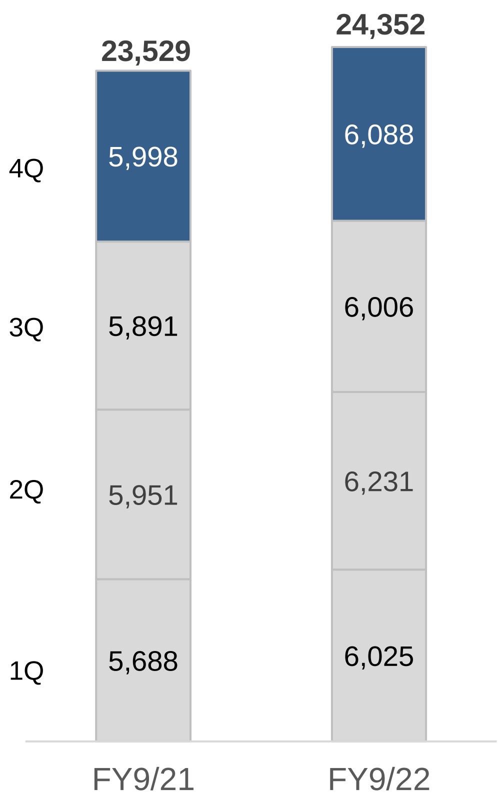
Overview of consolidated operating results for FY9/22 (millions of yen)

	FY9/21	*Against net sales*	FY9/22	*Against net sales*	YoY
Net sales	23,529	-	24,352	-	+3.5%
Gross profit	2,874	*12.2%*	3,047	*12.5%*	+6.0%
SG&A expenses	2,298	*9.8%*	2,339	*9.6%*	+1.8%
Operating profit	576	*2.4%*	707	*2.9%*	+22.9%
Ordinary profit	1,148	*4.9%*	1,179	*4.8%*	+2.7%
Profit attributable to owners of parent	481	*2.0%*	-314	*-1.3%*	-
EBITDA	1,426	*6.1%*	1,548	*6.4%*	+8.6%

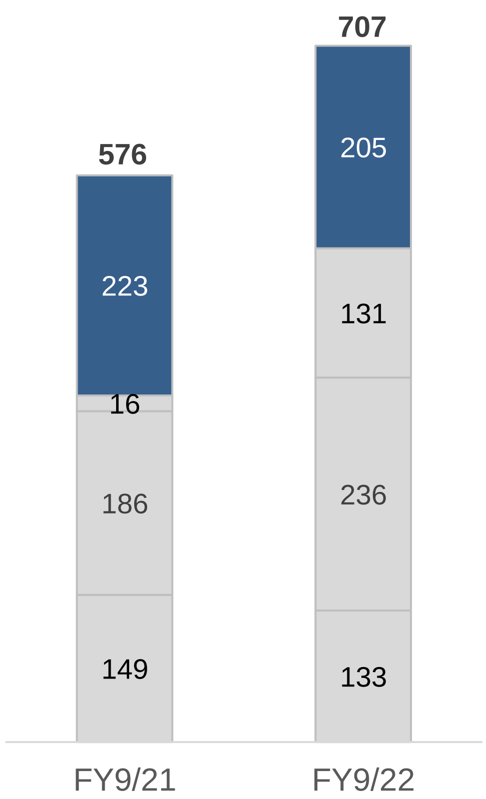
Net Sales, Operating Profit, Profit

Net sales for the fourth quarter increased both year on year and compared to the previous quarter, mainly due to improved occupancy rates, especially for 0-year-olds.
Operating profit decreased, but excluding the impact of accounting changes in the previous quarter and one-time M&A-related expenses, operating profit increased a substantial 60.6%.
Profit attributable to owners of parent increased due to an extraordinary profit on insurance claim income received for expenses related to malware infections.

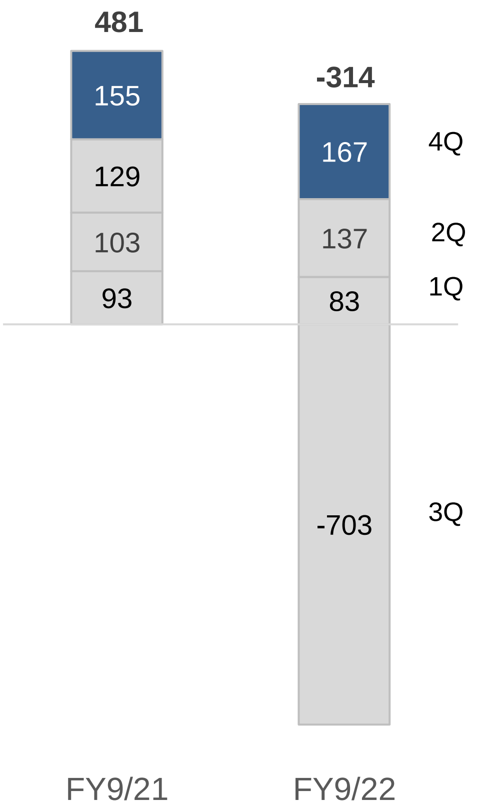
Net sales (Millions of yen)



Operating profit (Millions of yen)



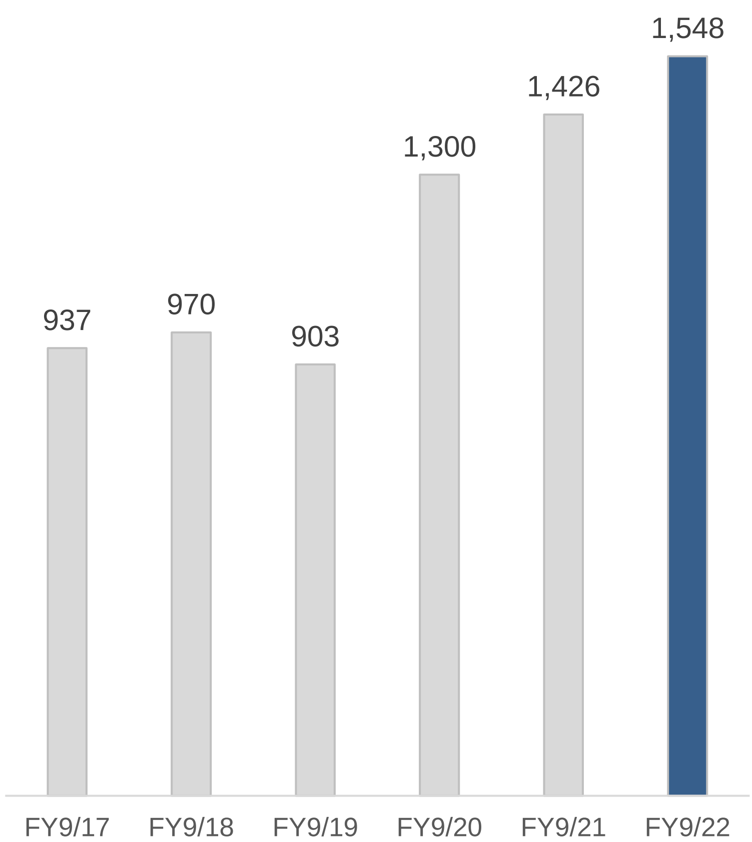
Profit attributable to owners of parent (Millions of yen)



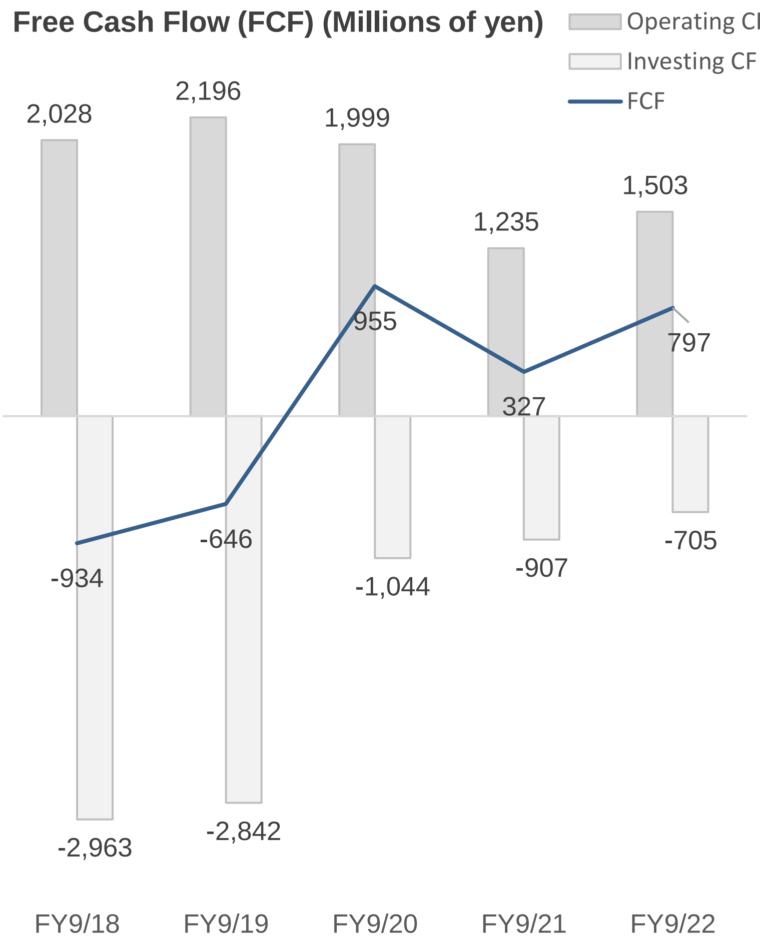
EBITDA, Free Cash Flow (FCF)

EBITDA continued to increase, up 8.6% year on year to ¥1,548 million. Free cash flow increased significantly due to an increase in cash flows from operating activities resulting from improved profitability, as well as a decrease in capital expenditures related to the opening of new facilities.

EBITDA (Millions of yen)



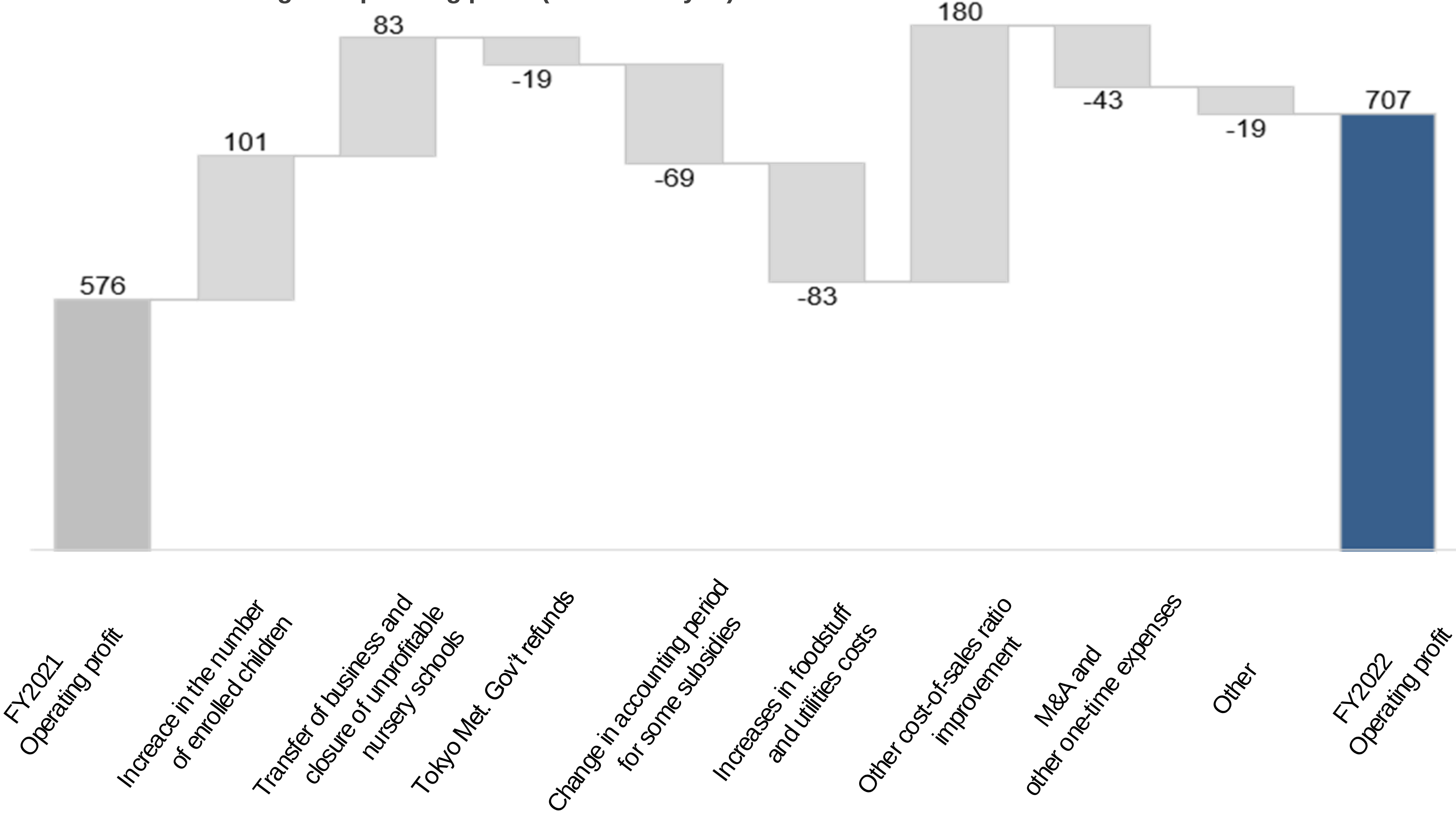
Free Cash Flow (FCF) (Millions of yen)



Factors behind change in operating profit

Despite the impact of higher foodstuff and utilities costs, net sales growth, the transfer of the company-sponsored childcare business, and an improvement in the cost of sales ratio due to a lower labor cost ratio contributed to a 22.9% year on year increase in operating income. Excluding the impact of one-time factors such as the change in the timing of recording some subsidies in the previous fiscal year and one-time expenses for M&A, etc. in the current fiscal year, income increased by a substantial 48.1% year on year.

Factors behind change in operating profit (Millions of yen)



Net sales: number of childcare business facilities

Global Kids

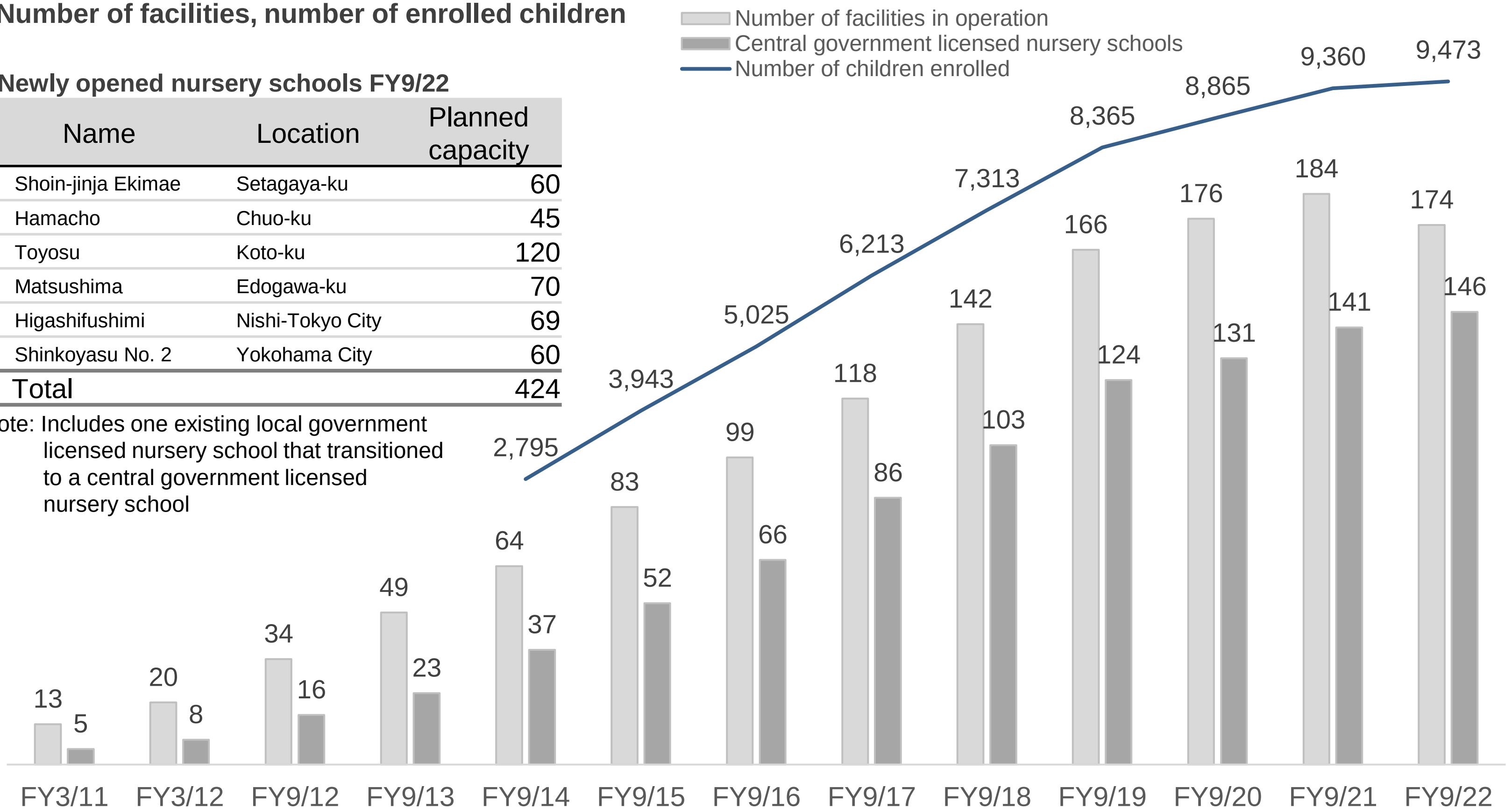
In FY9/22, we opened 6 new central government licensed nursery schools (including one in transition to central government licensed status). Meanwhile, the number of facilities in operation decreased to 174 due to the transfer of the company-sponsored childcare business and the closure of unprofitable facilities. The ratio of central government licensed nursery schools to total nursery schools increased to 83.9%.
There are no plans to open new facilities in FY9/23.

Number of facilities, number of enrolled children

Newly opened nursery schools FY9/22

Name	Location	Planned capacity
Shoin-jinja Ekimae	Setagaya-ku	60
Hamacho	Chuo-ku	45
Toyosu	Koto-ku	120
Matsushima	Edogawa-ku	70
Higashifushimi	Nishi-Tokyo City	69
Shinkoyasu No. 2	Yokohama City	60
Total		424

Note: Includes one existing local government licensed nursery school that transitioned to a central government licensed nursery school

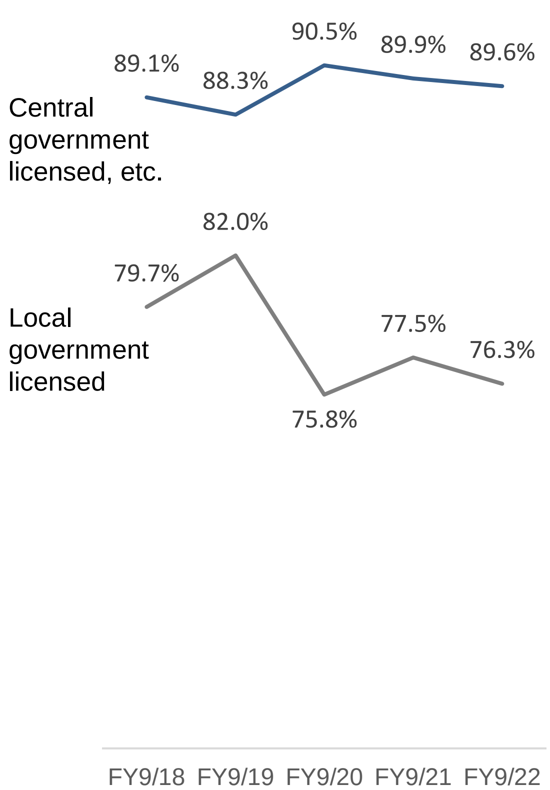


Note: The number of facilities is the total of nursery schools, after-school day care centers and children houses, and child developmental support facilities.
The number of enrolled children is for nursery schools only.
The number of facilities in operation is currently 173 due to the closure of one child development support facility.

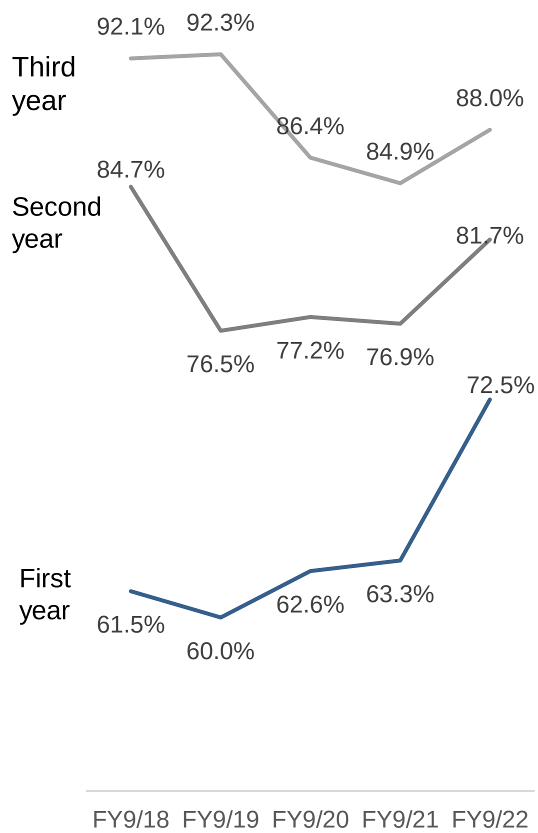
Net sales: occupancy rate

The occupancy rate by type of nursery schools declined slightly for both central government licensed and local government licensed schools. By year of opening, the occupancy rate for new facilities continued to improve. By age group, the occupancy rate for 0-1 year olds, which declined in April, recovered to the same level as the previous year's trend.

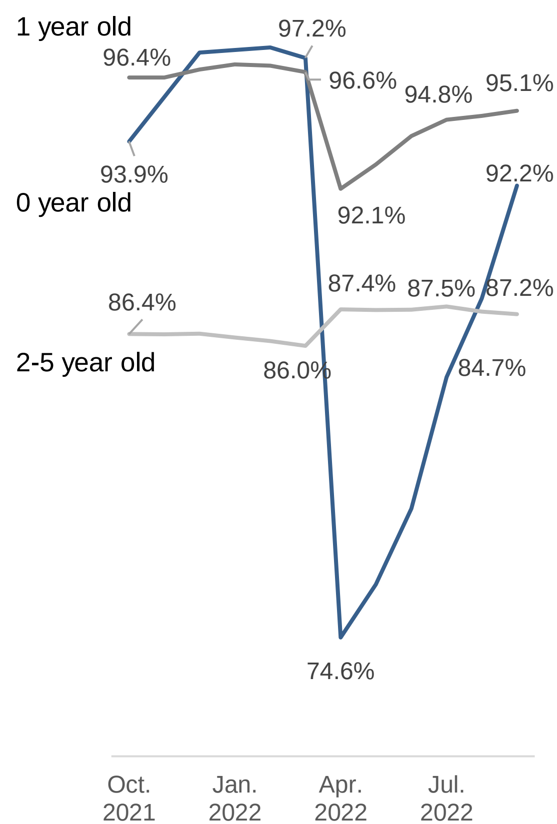
By type of nursery schools



By year of opening



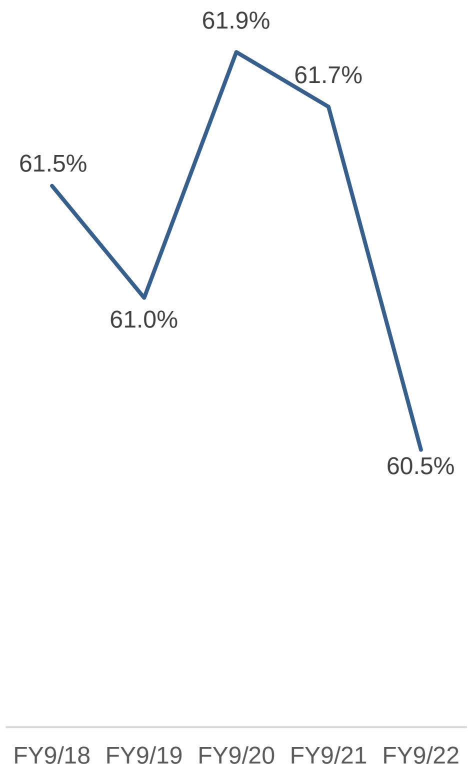
By age group



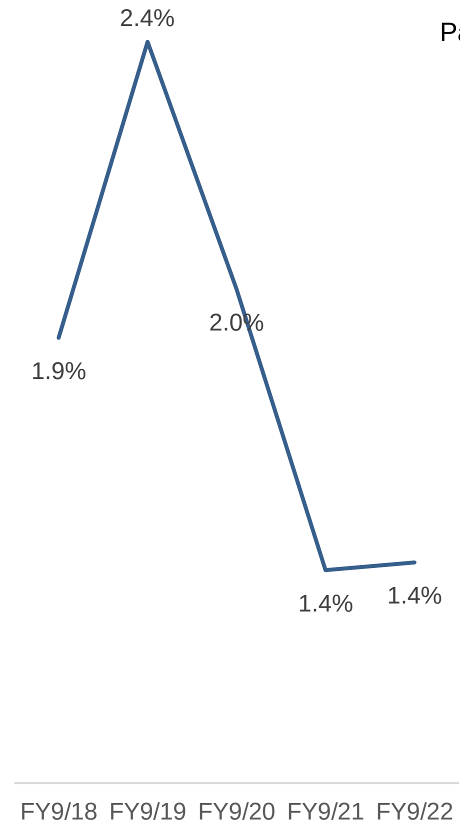
Cost of sales: personnel expenses, recruitment expenses

The recruiting expense ratio is low due to the strengthening recruitment of new graduates and referrals. The turnover rate rose in reaction to the somewhat sluggish recruitment market in FY9/21 due to the impact of COVID-19.

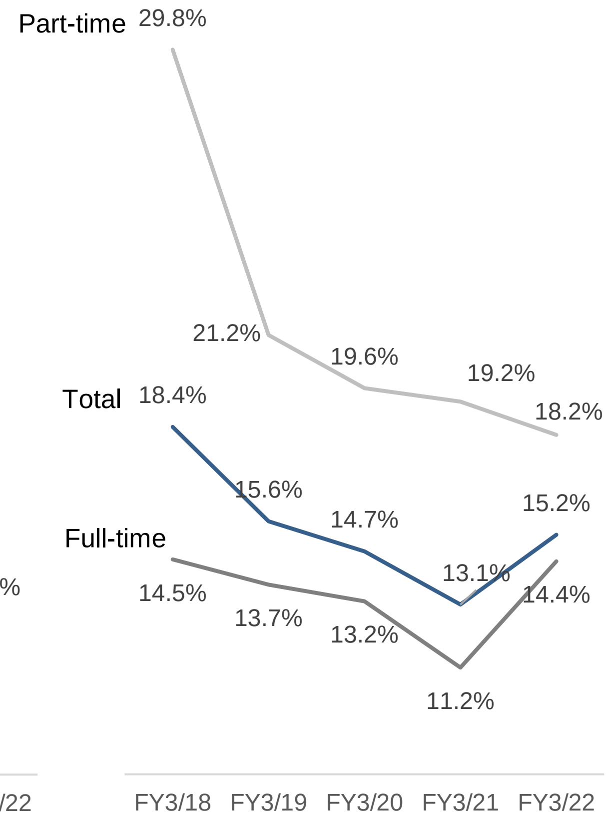
Personnel expenses/net sales



Recruitment expenses/net sales



Turnover rate



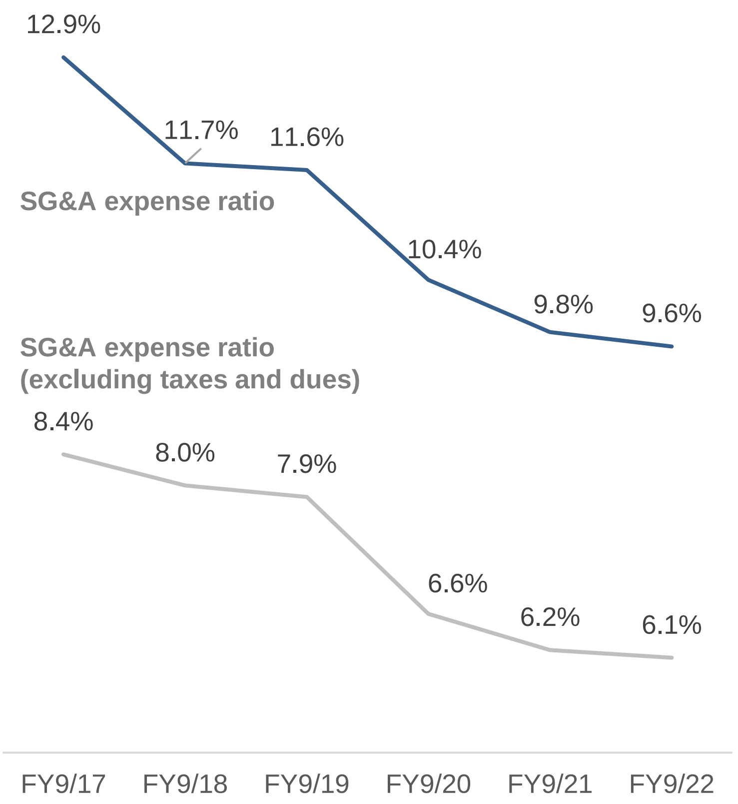
(Childcare year)

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

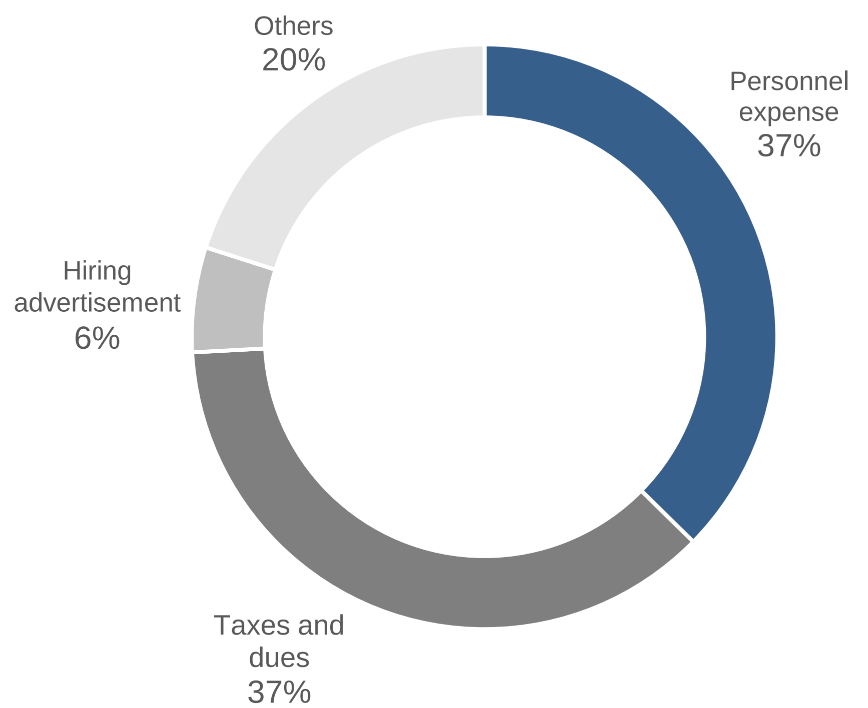
SG&A expenses

Despite one-time expenses incurred for M&A, etc., the SG&A ratio continued to decline due to lower fixed costs resulting from higher net sales and lower head office expenses resulting from lower labor costs, etc.

SG&A expense ratio



Breakdown of SG&A expense

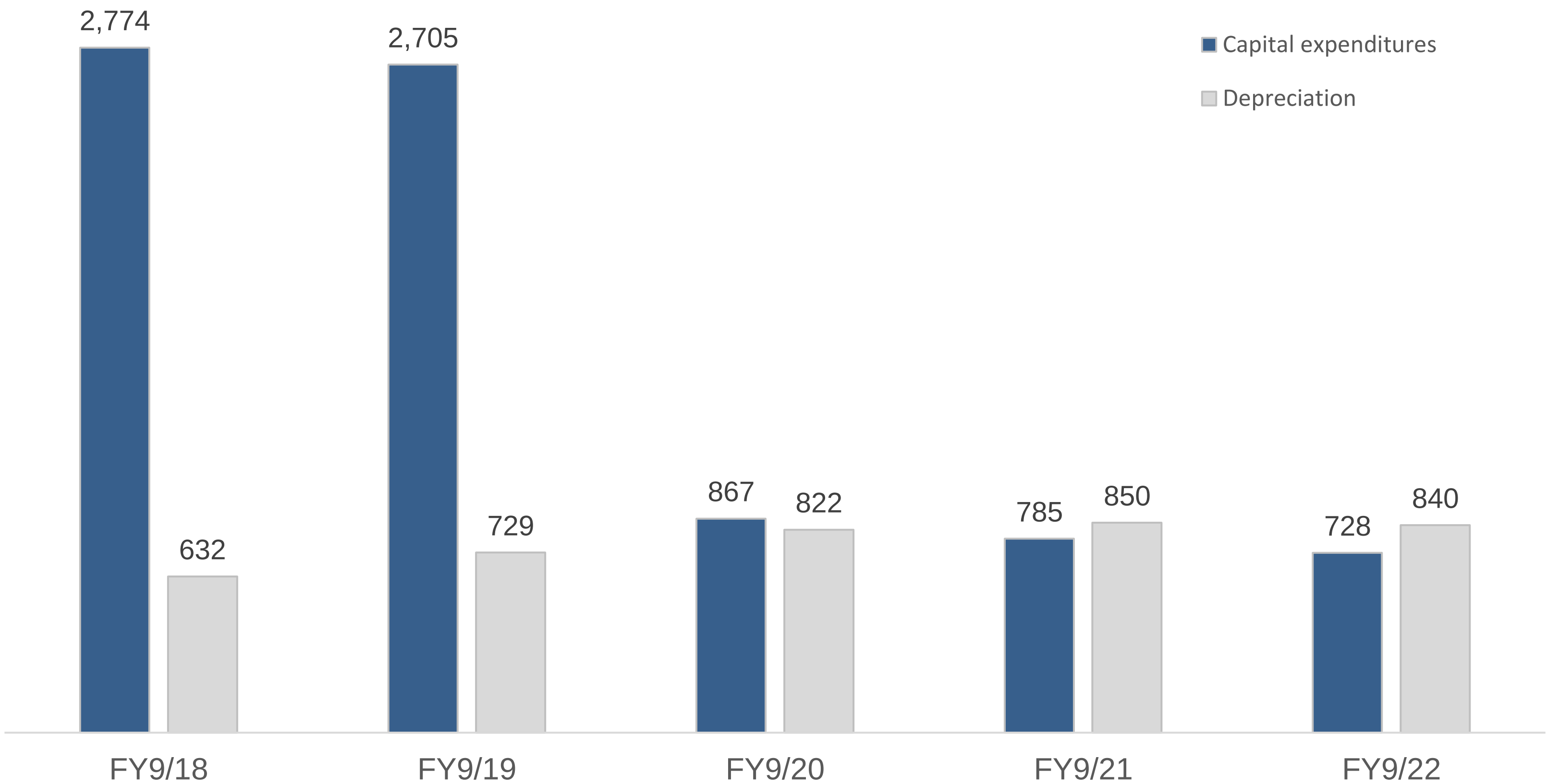


Selling, general and administrative expenses: ¥2,339 million

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 slightly decreased due to a decrease in the number of new facilities opened in FY9/22.

Capital expenditures and depreciation (Million yen)

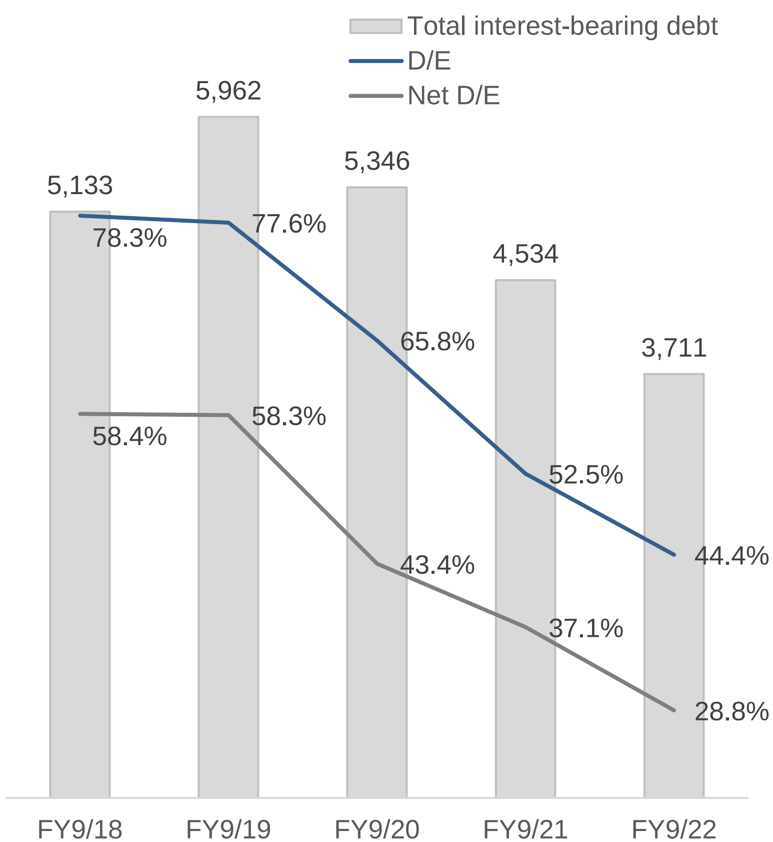


Note: Capital expenditures are on a cash-out basis for property, plant and equipment

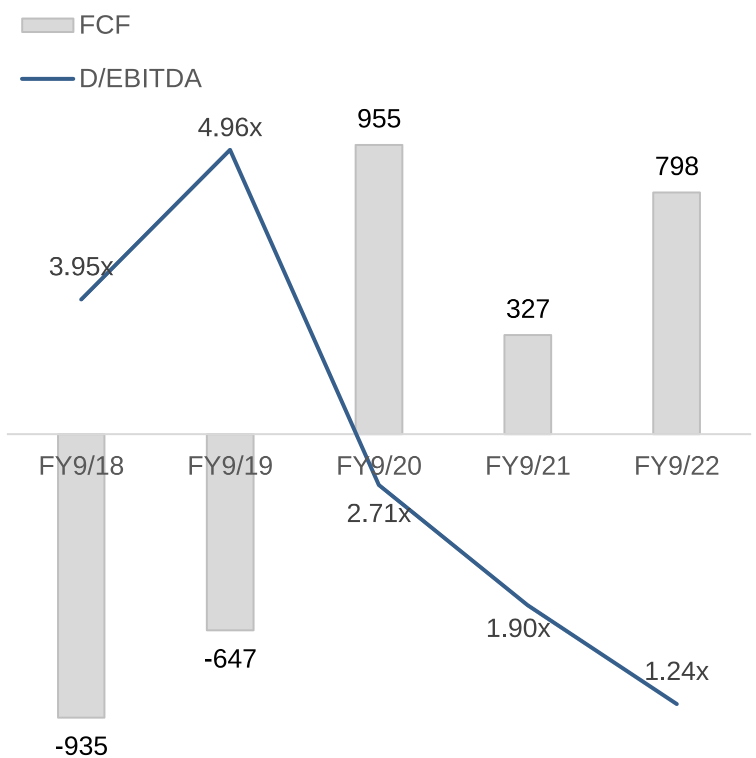
Financial soundness

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, and we are on track to achieve our financial soundness target level.

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



D/EBITDA, FCF (Millions of yen)



Forecast for the Fiscal Year Ending September 30, 2023 (FY9/23)

Forecast for the fiscal year ending September 30, 2023

In FY9/23, we expect to maintain the trend of increased sales. Record-high operating profit is expected despite an expected large increase in strategic ICT-related expenses.
Considering improvement in financial soundness and increase in free cash flow, we plan to pay a dividend of ¥30 per share, an increase of ¥5 per share.

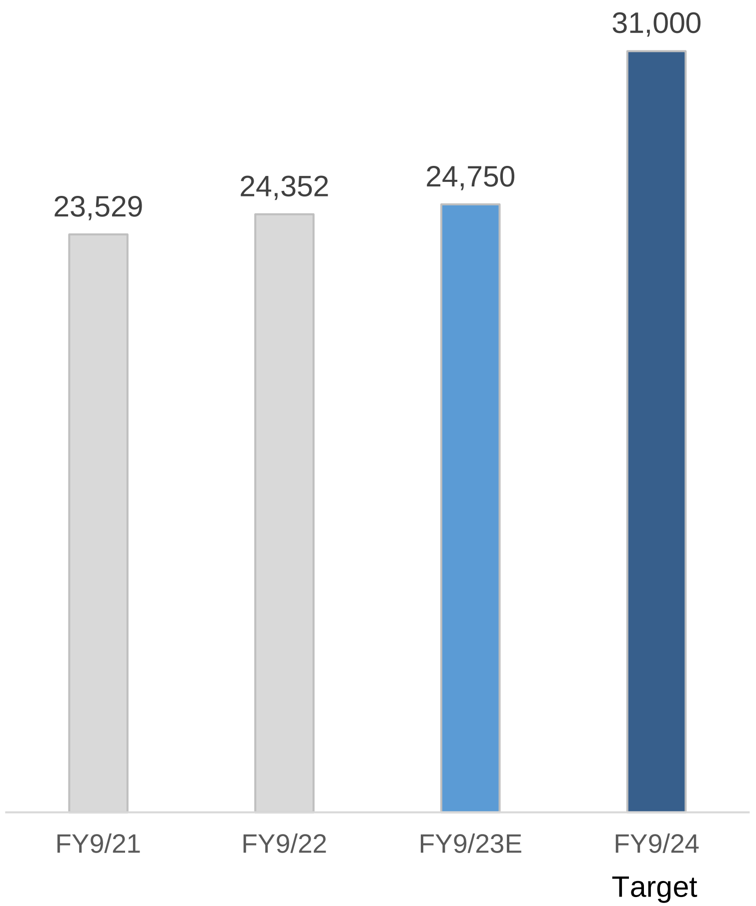
(Millions of yen)	FY9/22 Results	FY9/23 Forecast	YoY change
Net sales	24,352	24,750	+1.6%
Operating profit	707	800	+13.0%
Ordinary profit	1,179	780	-33.8%
Profit attributable to owners of parent	-314	500	-
EBITDA	1,548	1,640	+5.9%
Dividend per share	¥25	¥30	+20.0%

Progress of Medium-Term Management Plan (2024)

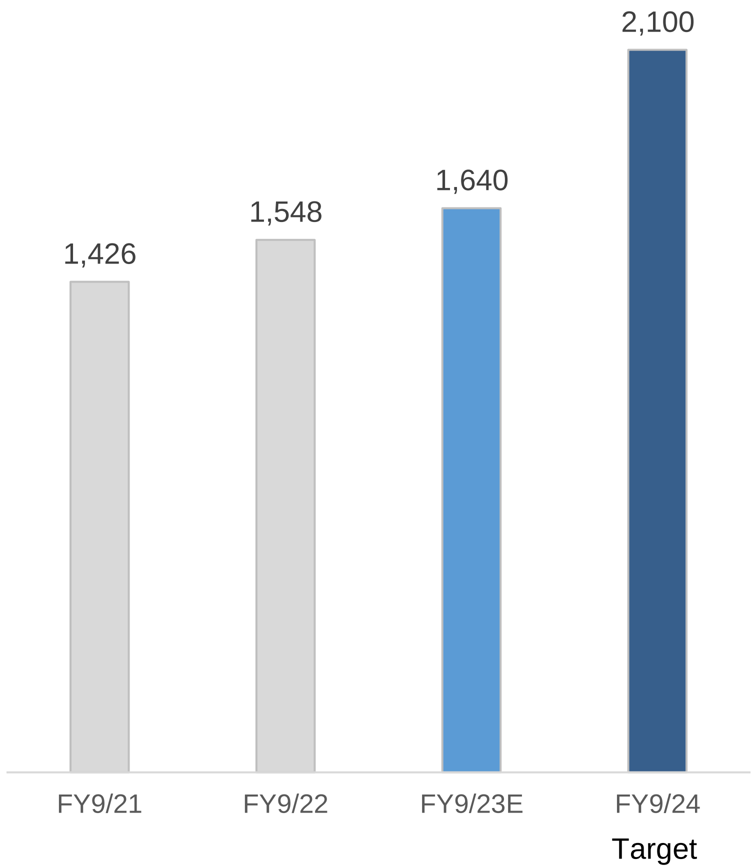
Progress on profit targets in Medium-term Management Plan (2024)

Net sales were sluggish due to lower-than-expected development of new facilities and the transfer and closure of some unprofitable businesses, while EBITDA increased steadily due to efforts to improve profitability. However, the rate of increase slowed in FY9/23 due to strategic investments in the ICT field.

Net sales (Millions of yen)



EBITDA (Millions of yen)



New business

Market analysis, etc. for each new business field is almost complete, and full-scale operations are planned for FY9/23. The Company aims to contribute to net sales and profit in FY9/24, the final year of the Medium-term Management Plan.

- In FY9/22, the Company launched GlobalKids Plus+ at its Iidabashi head office, and analyzed the needs for learning classes through the provision of various contents
- In FY9/23, full-scale development of extracurricular classes, including gymnastics classes, at multiple facilities

- Commencement of in-house rice procurement and production trials (from the fall harvest of 2023)
- Preparations to begin for outdoor education activities in conjunction with learning classes and agricultural activities

Education business

Classroom for learning

Provision of popular content that will be useful in the future

- Athletics: Gymnastics, cheerleading, kendo
- Communication: English conversation classes
- IT-related: Programming classes

Outdoor education activities

Operation of farms, cooperation with schools and local governments

Overseas (Asia)

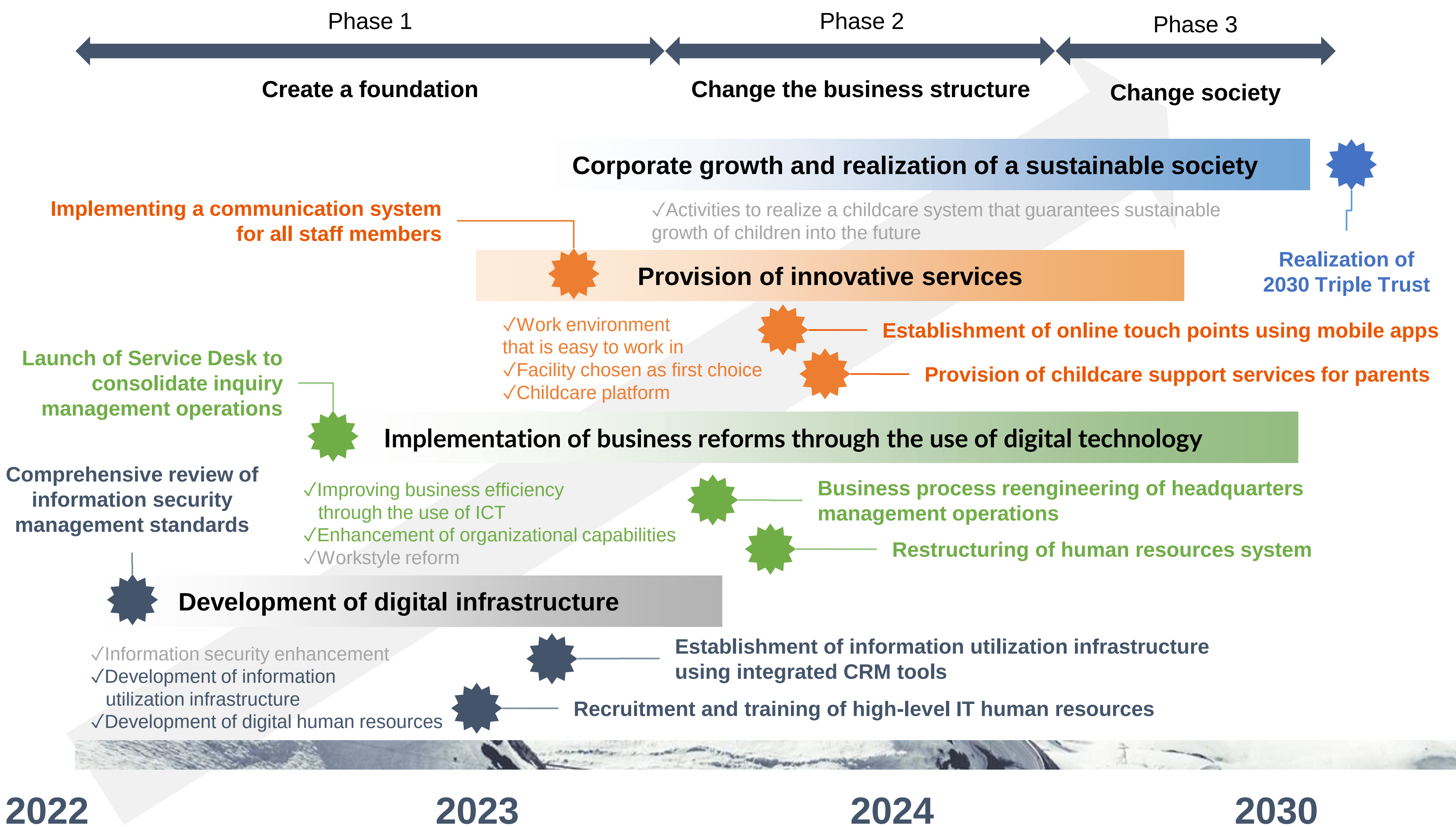
Expansion into neighboring countries, with a focus on Singapore

(Explanation of facilities for Japanese expatriate families, consulting for local businesses)

- Launching a search for potential partners
- Full-scale consideration of business development in Singapore

ICT Strategy

In parallel with the improvement of operational quality and efficiency through the use of ICT, the Company has begun to provide value-added services.

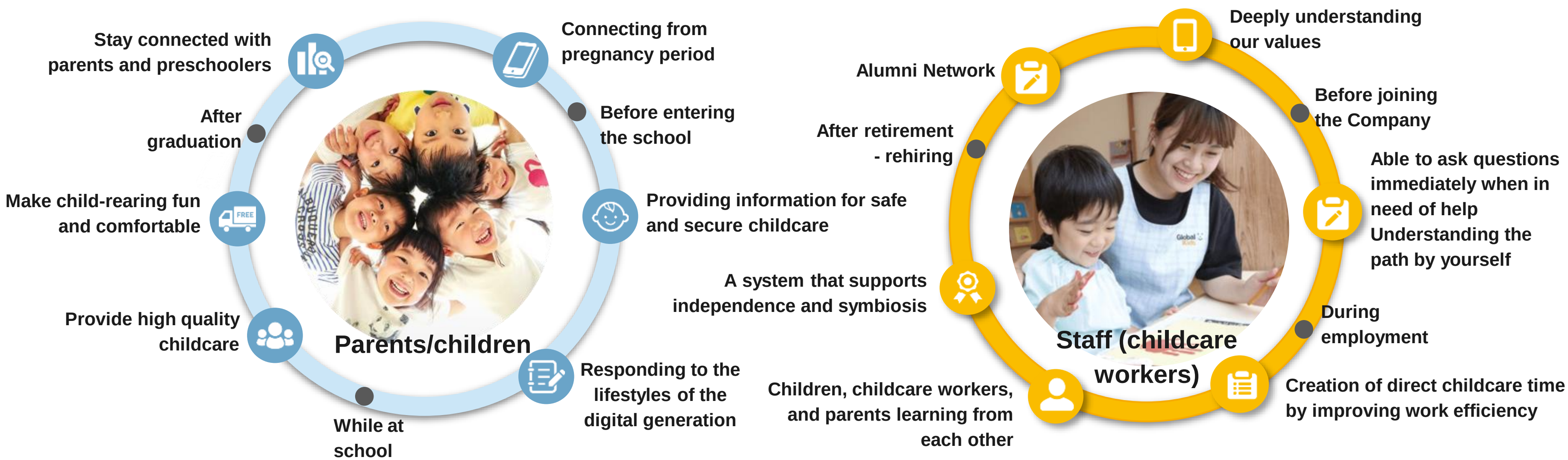


ICT Strategy : childcare platform

Adopted Salesforce, an integrated CRM platform, as the digital infrastructure for value-added services.

Maximize the value of parents' ongoing experiences

Maximize the well-being of childcare workers



Facility chosen as first choice

Work environment that is easy to work in

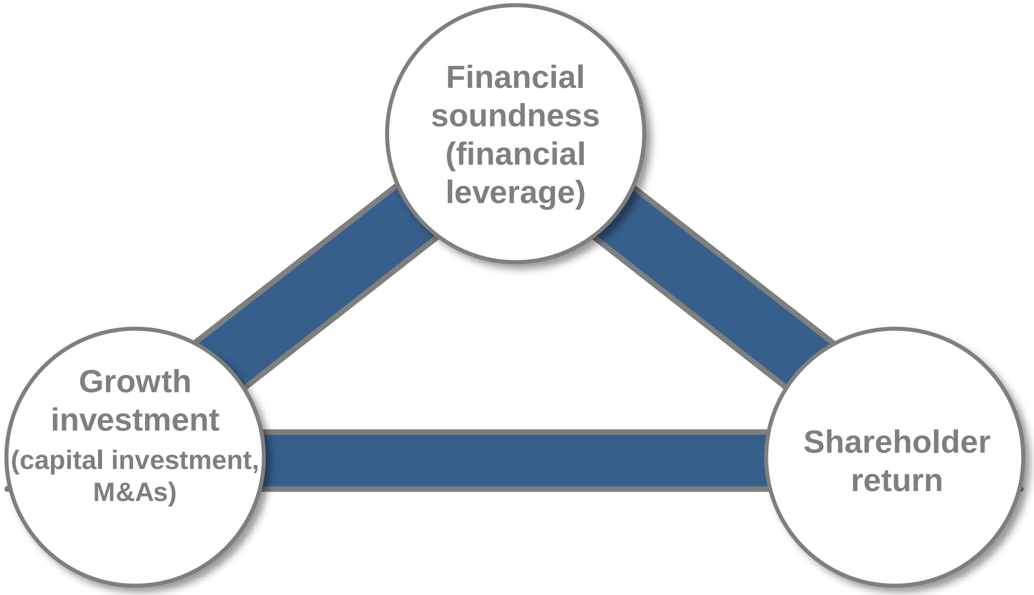
Childcare platform

Digital infrastructure

Financial and Capital Strategies

The Company is on track to achieve its financial soundness target through a steady increase in FCF and reduction of interest-bearing debt.
The Company plans to increase its dividend by ¥5 per share to ¥30 per share for FY9/23, and will strive to further enhance shareholder returns and increase the tradable share ratio.

- On track to achieve our target level of financial soundness indicators through steady increase in FCF and reduction of interest-bearing debt



- Significant increase in ICT-related investments to accelerate the Company's ICT strategy promotion
- Significantly reduced investment in new facility development
- Explore M&A opportunities in both bolt-on and new business areas

- Due to the expected large increase in FCF, we plan to pay a dividend at the upper end of the 30-50% total payout ratio range. Dividend for FY9/23 is expected to be ¥30 per share, an increase of ¥5 per share.
- The tradable share ratio increased by 4.5% from the end of FY9/21 to 42.9%, avoiding the taxation of retained assets. We will continue to improve liquidity through methods that take into account the impact of stock prices.

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 SGDs
Childcare / Education	Enhancing parenting support (quality and quantity)	● 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	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION
Promotion of active participation by women	Realizing a society where people with young children can work comfortably Realizing diverse work styles	● 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	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Social contribution to local communities	Creating opportunities to receive childcare	● 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	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES

Social issues solved through corporate activities

ESG Materiality		Main initiatives	Relevant SGDs
Human resource development	Improving expertise and career development	● Flexible work style reform ● Creating learning environments ● Career path set according to growth	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
Global environment	Contributing to the global environment	● 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	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND

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	FY9/22
Licensed (Tokyo)	2	3	6	9	20	28	38	56	70	86	91	98	103
Licensed (Kanagawa)	3	4	7	9	12	16	17	19	20	23	25	27	28
Licensed (Other)	-	-	-	-	-	3	5	6	8	9	9	10	10
Licensed by Tokyo Met. Gov't	8	11	15	20	20	21	22	20	20	17	17	16	15
Centers for early childhood education and care, etc.	-	1	3	5	5	5	6	5	5	6	6	6	5
Company-sponsored	-	-	-	-	-	-	-	-	7	11	11	11	0
After-school day care centers and children houses	-	1	3	6	7	10	11	12	12	13	13	12	10
Child developmental support facilities	-	-	-	-	-	-	-	-	-	1	4	4	3
Total	13	20	34	49	64	83	99	118	142	166	176	184	174

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

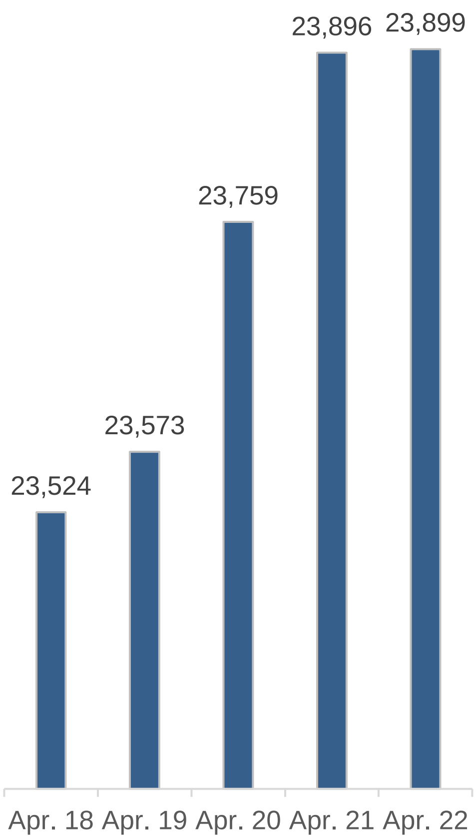
Ranking of childcare service sales

	Company name	Net sales (Millions of yen)
1	JP-HOLDINGS	34,373
2	LIKE	27,790
3	Kodomo no Mori	25,112
4	**Global Kids Company**	**24,352**
5	Poppins	23,069
6	AIGRAN	17,167
7	Sakurasaku plus	11,992
8	HITOWA Kids Life	11,976
9	teno. Holdings	11,454
10	ART CHILDCARE	8,434

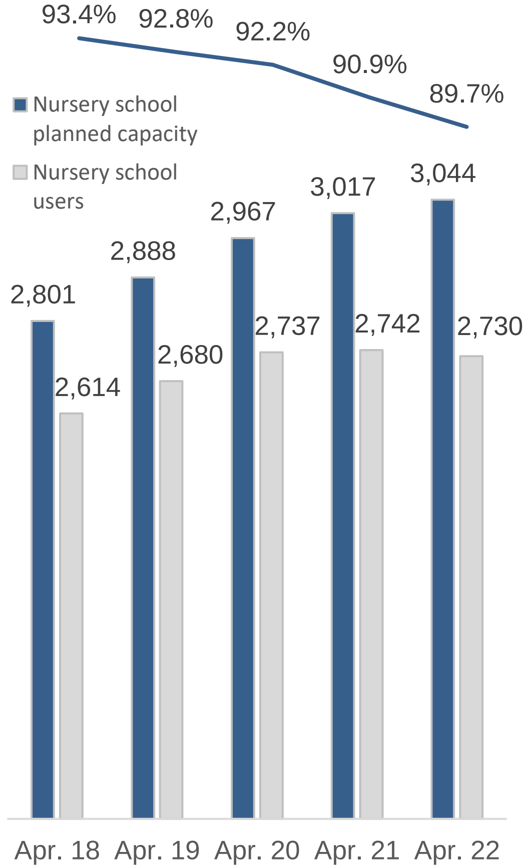
Source: The Nikkei MJ. Financial results for the Company and LIKE.
Note: For the Company, JP Holdings, Like, and Sakurasaku Plus, sales for the fiscal year ended in 2022. For other companies, sales for the fiscal year ended in 2021.

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

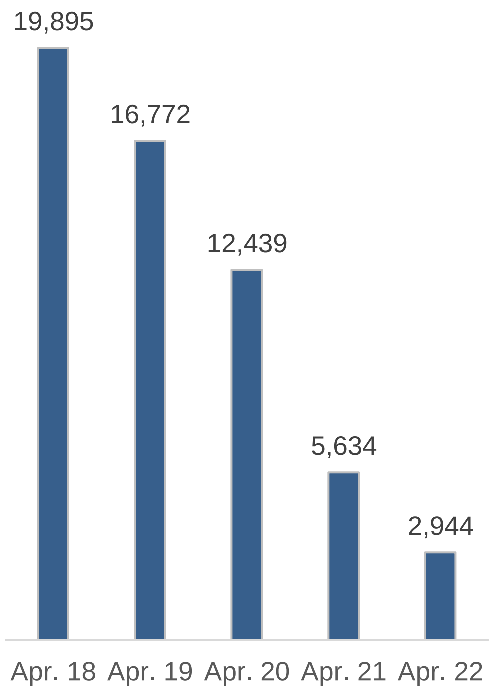
Number of central government licensed childcare centers (nationwide)



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

Global Kids

	Establishment standards	Main operating revenue
Central government licensed nursery schools	● Facilities with national standards based on the Child Welfare Act ● Approval from the prefectural governor, etc., is required for establishment	● Receives facility-based benefits paid by the national and local governments as a commissioned fee
Independently licensed nursery schools (local government standards)	● Facilities that are not central government licensed but meet the unique standards of the local government (including the Tokyo Metropolitan Government, Yokohama City, etc.)	● Operating subsidies provided by the local government that established the system ● Childcare fees paid by users
Company-sponsored nursery schools	● 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	● 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.	● Facilities other than central government licensed or local government licensed	● Childcare fees paid by users
Nursery schools at business offices	● A facility operated by an operating company for its employees using part of its business premises	● 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