

**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending September 30, 2023**  
**(Three Months Ended December 31, 2022)**

**[Japanese GAAP]**  
January 31, 2023

Company name: Global Kids Company Corp.      Stock Exchange Listing: TSE (Prime)  
Securities code: 6189      URL: <https://www.gkids.jp/>  
Representative: Yuichi Nakasho, Representative Director & CEO  
Contact: Masayuki Noda, Director & General Manager, Finance & Investor Relations Department  
Telephone: +81-(0)3-3221-3770

Scheduled date of filing of Quarterly Report: February 3, 2023

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2023**  
**(October 1, 2022 to December 31, 2022)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Dec. 31, 2022	6,080	0.9	177	32.6	178	36.2	118	42.7
Three months ended Dec. 31, 2021	6,025	5.9	133	(10.5)	131	(10.5)	83	(11.1)

Note: Comprehensive income (million yen)      Three months ended Dec. 31, 2022: 122 (up 34.0%)  
Three months ended Dec. 31, 2021: 91 (down 8.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Dec. 31, 2022	12.65	12.60
Three months ended Dec. 31, 2021	8.93	8.87

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	16,269	8,254	50.7
As of Sep. 30, 2022	16,601	8,367	50.4

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 8,254      As of Sep. 30, 2022: 8,367

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2022	-	0.00	-	25.00	25.00
Fiscal year ending Sep. 30, 2023	-	-	-	-	-
Fiscal year ending Sep. 30, 2023 (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, 2023**

**(October 1, 2022 to September 30, 2023)** (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	24,750	1.6	800	13.0	780	(33.8)	500	-	53.20

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

**\*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: Yes

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 Dec. 31, 2022:	9,407,341 shares	As of Sep. 30, 2022:	9,405,341 shares
----------------------	------------------	----------------------	------------------

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

As of Dec. 31, 2022:	8,696 shares	As of Sep. 30, 2022:	6,859 shares
----------------------	--------------	----------------------	--------------

3) Average number of shares issued during the period

Three months ended Dec. 31, 2022:	9,399,095 shares	Three months ended Dec. 31, 2021:	9,327,974 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, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income (For the Three-month Period)	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Changes in Accounting Policies	7
Quarterly Consolidated Statement of Income Segment and Other Information	7

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In Japan, dealing with the declining workforce due to the low birthrate and aging population has become an issue of the utmost urgency, and child-rearing business providers continue to play an important role as an infrastructure to support the social advancement and active participation of women who are expected to boost the country's economic vitality.

To reduce the number of wait-listed children at nursery schools, both the central and local governments are implementing measures that aim to expand service capacity by securing childcare workers and developing nursery schools. Specifically, free early childhood education and preschool programs began in October 2019, and in December 2020, the government announced the New Child-rearing Security Plan, setting a goal of securing additional capacity for approximately 140,000 children over the four years from fiscal 2021 to the end of fiscal 2024.

The number of wait-listed children is decreasing, thanks to these initiatives taken by the government. Even if there is a lull in the quantity of demand for childcare services, the Group expects there to be continued demand for "nursery schools of choice" that supply high quality childcare, provide guardians with convenience, and offer educational functions.

In an effort to unify its measures regarding children, the government plans to create a new "Agency for Children and Families" in April 2023, under the banner of a "child-centered society" which centrally positions child-related initiatives and policies within society.

Furthermore, in the policy speech delivered in January 2023, child-related policies were given the highest priority, and in the Basic Policy on Economic and Fiscal Management and Reform (*Honebuto no Hoshin*, "big-boned policies") of June, policies outlining the basic framework for doubling the child-related budget are expected to be announced, thus indicating a further rise in society's child-oriented perspective.

The number of facilities operated by the Group at the end of the period under review, despite the opening of six new central government licensed nursery schools (including one facility that was transitioned from local government licensed nursery school status) in the previous fiscal year, declined due to the transfer of the company sponsored childcare business and the closing of unprofitable nursery schools.

Consequently, at the end of the period under review, the Group operates a total of 173 facilities: 141 central government licensed nursery schools (103 in Tokyo, 28 in Kanagawa, four in Chiba, one in Saitama and five in Osaka); 20 local government licensed nursery schools or centers for early childhood education and care; 10 after-school day care centers or children's houses; and two child developmental support facilities.

In terms of revenue, despite the decrease in the number of facilities operated by the Group, net sales increased slightly year on year thanks to the opening of new central government licensed nursery schools which have larger enrollments. In terms of expenses, the cost to sales ratio improved due to a decrease in depreciation in conjunction with the reporting of losses on valuation in the previous fiscal year. Meanwhile, the selling, general and administrative expenses ratio rose due mainly to investments in the child-rearing platform, the focal point of ICT strategies.

Consequently, the Group reported net sales for the period under review of 6,080 million yen (up 0.9% year on year) with operating profit of 177 million yen (up 32.6% year on year), ordinary profit of 178 million yen (up 36.2% year on year), and profit attributable to owners of parent of 118 million yen (up 42.7% year on year).

### (2) Explanation of Financial Position

#### Assets

Total assets amounted to 16,269 million yen at the end of the period under review, a decrease of 331 million yen from the end of the previous fiscal year.

Current assets decreased 126 million yen to 4,420 million yen. This was mainly attributable to a decrease of 143 million yen in cash and deposits.

Non-current assets decreased 205 million yen to 11,849 million yen. This was mainly attributable to buildings and structures, net and long-term prepaid expenses decreasing by 154 million yen and 28 million yen, respectively.

#### Liabilities

Total liabilities amounted to 8,015 million yen at the end of the period under review, a decrease of 217 million yen from the end of the previous fiscal year.

Current liabilities decreased 68 million yen to 3,149 million yen. This was mainly attributable to a decrease of 304 million yen in provision for bonuses due to the payment of bonuses in December, despite an increase of 155 million yen in advances received.

Non-current liabilities decreased 149 million yen to 4,866 million yen. This was mainly attributable to a decrease of 188 million yen in long-term loans payable.

Net assets

Net assets amounted to 8,254 million yen at the end of the period under review, a decrease of 113 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 118 million yen in retained earnings as a result of the booking of profit attributable to owners of parent, while a decrease of 234 million yen occurred due to the payment of year-end dividends.

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

The Company maintains its consolidated forecasts for the fiscal year ending September 30, 2023 that was announced on November 11, 2022.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY9/22 (As of Sep. 30, 2022)	First quarter of FY9/23 (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	1,303	1,160
Accounts receivable-other and contract assets	2,597	2,671
Prepaid expenses	640	583
Other	5	5
Total current assets	4,546	4,420
Non-current assets		
Property, plant and equipment		
Land	692	692
Buildings and structures, net	8,584	8,429
Other, net	310	296
Total property, plant and equipment	9,587	9,419
Intangible assets		
Software	33	29
Software in progress	-	11
Total intangible assets	33	41
Investments and other assets		
Investment securities	47	47
Long-term prepaid expenses	365	336
Lease and guarantee deposits	1,717	1,710
Construction assistance fund receivables	266	262
Deferred tax assets	35	31
Other	0	0
Total investments and other assets	2,432	2,388
Total non-current assets	12,054	11,849
Total assets	16,601	16,269
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	754	754
Accounts payable-other	1,336	1,471
Income taxes payable	175	43
Advances received	120	276
Provision for bonuses	594	290
Other	234	313
Total current liabilities	3,217	3,149
Non-current liabilities		
Long-term loans payable	2,957	2,768
Net defined benefit liability	448	464
Deferred tax liabilities	1,249	1,272
Asset retirement obligations	360	360
Total non-current liabilities	5,015	4,866
Total liabilities	8,233	8,015

(Millions of yen)

	FY9/22 (As of Sep. 30, 2022)	First quarter of FY9/23 (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Capital stock	1,296	1,296
Capital surplus	1,984	1,984
Retained earnings	5,127	5,011
Treasury shares	(6)	(7)
Total shareholders' equity	8,402	8,285
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(34)	(30)
Total accumulated other comprehensive income	(34)	(30)
Total net assets	8,367	8,254
Total liabilities and net assets	16,601	16,269

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

(Millions of yen)

	First three months of FY9/22 (Oct. 1, 2021 – Dec. 31, 2021)	First three months of FY9/23 (Oct. 1, 2022 – Dec. 31, 2022)
Net sales	6,025	6,080
Cost of sales	5,528	5,505
Gross profit	497	574
Selling, general and administrative expenses	363	396
Operating profit	133	177
Non-operating income		
Interest and dividend income	4	0
Subsidy income	0	-
Other	0	6
Total non-operating income	5	7
Non-operating expenses		
Interest expenses	5	3
Capital expenses	0	-
Other	1	1
Total non-operating expenses	7	5
Ordinary profit	131	178
Extraordinary losses		
Loss on closing of nursery schools	-	*10
Total extraordinary losses	-	0
Profit before income taxes	131	178
Income taxes	48	60
Profit (Loss)	83	118
Profit (loss) attributable to		
Profit (loss) attributable to owners of parent	83	118
Profit attributable to non-controlling interests	-	-
Other comprehensive income		
Valuation difference on available-for-sale securities	0	-
Remeasurements of defined benefit plans, net of tax	7	3
Total other comprehensive income	8	3
Comprehensive income	91	122
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	91	122
Comprehensive income attributable to non-controlling interests	-	-



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

#### **Going Concern Assumption**

Not applicable.

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

Not applicable.

#### **Changes in Accounting Policies**

The Group had previously included certain expenses related to the consolidated subsidiary's facilities in selling, general and administrative expenses but starting from the period under review it has changed the presentation method to include such expenses in the cost of sales.

As the Group transitions from the "business expansion" phase to the "business expansion and duplication" phase under the Medium-term Management Plan (2024), it is revising its organizational structure as part of the project to improve earnings.

While revising the system for facility assessment and reviewing facility profit/loss in the process of restructuring, the Group has refined its approach to expenses and has determined that accounting for certain selling, general and administrative expenses as cost of sales would more appropriately reflect the management environment, and accordingly has changed its accounting method.

This change in accounting policy has been retrospectively applied and for the three months ended December 31, 2021, the consolidated financial statements represent those after the retrospective application.

As a result, compared to the accounting method prior to the retrospective application, the cost of sales for the three months ended December 31, 2021 increased by 210 million yen, and gross profit and selling, general and administrative expenses have decreased by the same amount, respectively. However, it has had no effect on operating profit, ordinary profit, profit before income taxes, and per share information.

#### **Quarterly Consolidated Statements of Income**

\*1 Loss on closing of nursery schools

First three months of FY9/23 (Oct. 1, 2022 – Dec. 31, 2022)

The Company recognized a loss on closing of nursery schools as a result of incurring a loss on sale of non-current assets of 0 million yen due to the transfer of one child developmental support facility.

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

Segment information

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

*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.*