

# Consolidated Financial Results for the Three Months Ended December 31, 2023 [Japanese GAAP]



February 9, 2024

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 Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 9470  
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 Scheduled date of filing quarterly securities report: February 9, 2024  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended December 31, 2023 (October 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended December 31, 2023	42,749	11.9	836	38.3	1,029	78.9	(38)	–
December 31, 2022	38,208	3.6	605	(54.3)	575	(49.3)	232	(66.9)

(Note) Comprehensive income: Three months ended December 31, 2023: ¥(77) million [–%]

Three months ended December 31, 2022: ¥546 million [(19.8)%]

	Profit per share	Diluted profit per share
Three months ended	Yen	Yen
December 31, 2023	(0.88)	–
December 31, 2022	5.28	5.24

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	133,730	53,202	38.1
As of September 30, 2023	136,328	55,034	38.7

(Reference) Equity: As of December 31, 2023: ¥50,918 million

As of September 30, 2023: ¥52,748 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	–	12.50	–	12.50	25.00
Fiscal year ending September 30, 2024	–	–	–	–	–
Fiscal year ending September 30, 2024 (Forecast)	–	12.50	–	12.50	25.00

(Note) Revision of dividends forecast since the last announcement: None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	12.7	6,400	3.7	6,600	1.9	2,700	(15.5)	61.91

(Note) Revision of financial results forecast since the last announcement: None

The first half performance forecast is omitted due to the nature of the Company's business which is characterized by fluctuations in the first half.

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No

Newly added: – (Name) – Excluded: – (Name) –

(2) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 44,633,232 shares

September 30, 2023: 44,633,232 shares

2) Total number of treasury shares at the end of the period:

December 31, 2023: 1,761,607 shares

September 30, 2023: 525,839 shares

3) The average number of shares during the period:

Three months ended December 31, 2023: 43,609,251 shares

Three months ended December 31, 2022: 43,975,889 shares

The Company has a trust-type employee shareholding incentive plan in place. The average number of shares during the period is calculated with the number of treasury shares deducted; the number of treasury shares deducted includes the number of the Company's shares held under this plan by The Nomura Trust & Banking Co., Ltd. (the dedicated trust account for Gakken Employees' Shareholding Association): 16,650 shares at the end of the three months ended December 31, 2022.

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

(Note on forward-looking statements, etc.)

Financial performance forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions it deems rational. The actual results may vary significantly due to various factors. With regard to the assumptions for the performance forecasts and the notes on the use of the performance forecasts, please refer to "1. Qualitative Information on Financial Results for the Period under Review, (3) Consolidated Financial Results Forecast and Other Forward-looking Statements" on page 8 of the Attachments.

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## 1. Qualitative Information on Financial Results for the Period under Review

### (1) Explanation of Business Results

#### 1) Explanation of market conditions

According to the preliminary statistics of the Ministry of Health, Labour and Welfare, the number of births in 2023 is expected to fall 5.8% to 726,000 from a year earlier, and the government has implemented various measures including raising the lump-sum birth allowance and making infertility treatment subject to insurance coverage. In addition, the government stepped up its response by making a Cabinet decision to implement the Children's Future Strategy, which includes plans of making university education free for households with multiple children and increasing child allowances drastically. At the same time, the ratio of people aged 65 or older set a record high of 29.1%, and that of people aged 80 or older exceeded 10%, according to the Ministry of Internal Affairs and Communications. With the trend toward greater longevity in addition to population aging, there are concerns about increases in social security costs and difficult situations in medical and nursing care services.

In the Japanese economy, the consumer price index in 2023 reported by the Ministry of Internal Affairs and Communications rose 3.1% from a year earlier, the highest increase in 41 years since 1982, a year during the second oil shock. There has been a succession of surges in raw material prices and increases in the price of food and other products due to global price increases, resulting in a widening gap in disposable income.

Under these social conditions, new demand is growing in the education industry even as household education expenses have been declining.

The first trend is nationwide expansion of childcare needs. The number of children registered for after-school care in 2023 was a record high of 1,440,000, but the number of children waiting for after-school care admission remained high at about 17,000. In December last year, the government announced a package of new measures including those to secure workers because there has been a delay in the preparation of afterschool children's clubs that can take children.

The second trend is an overheating of the market for preparation for elementary and junior high school entrance examinations aimed at high-income families who are enthusiastic about investing in education. Even with soaring prices, the demand for high-end private afterschool children's clubs and the demand for learning centers for children in the lower grades are growing, especially in the metropolitan area.

The third trend is the spread of DX (digital transformation) into school education. In AY2024 when elementary school textbooks will be revised, English digital textbooks will be introduced and start to be used in conjunction with paper textbooks. DX for education is expected to gain momentum because the cost to renew tablet terminals distributed under the GIGA School Program has been budgeted by the government and because the contents in the terminals have been further enriched.

The fourth trend is development of the recurrent and reskilling market. With many industries suffering from a shortage of workers and with the demand for individual portable skills growing, there is a growing need for adult education intended for companies and individuals. The Basic Policy on Economic and Fiscal Management and Reform also includes the promotion of reskilling, which is expected to serve as an engine that will drive the education market.

In the elderly care industry, the market is expected to expand further with the increasing elderly population. After the reclassification of COVID-19 into Class 5, however, recruitment activity became active in various industries, mainly in the service industry, and it is becoming increasingly difficult to secure medical and welfare workers, which is the top priority issue for the entire industry.

In addition, various costs including food and construction costs currently remain high and continue to greatly affect the business environment. With the number of elderly care service providers that suspended or discontinued operations or went out of business in 2023 expected to hit a record high, consolidation into major providers is accelerating, and industry reorganization is proceeding rapidly, including acquisitions by investment funds and new entries from different industries.

In this context, it was announced that the nursing care fee revision to be made in April this year would provide

a 1.59% increase in payment as a whole. Additions for improving the treatment of care staff are newly unified, and it is designed to alleviate the burden of paperwork as well as help secure and retain workers. The revised contents include the easing of staffing standards and the establishment of new additions related to effective use of digital technologies such as robots and sensors, promoting more efficient nursing care.

## 2) Explanation of business results

Under the market conditions described above, consolidated net sales for the three months ended December 31, 2023 amounted to ¥42,749 million (up 11.9% year on year), operating profit was ¥836 million (up ¥231 million or 38.3% year on year), ordinary profit was ¥1,029 million (up ¥453 million or 78.9% year on year), and loss attributable to owners of parent was ¥38 million (down ¥270 million year on year).

The Education Domain recorded an increase in revenue but a decrease in profit. The classroom and learning center business reported an increase in revenue partly owing to the impact of the consolidation of Ichishin Holdings Co., Ltd. in the previous fiscal year, but posted a drop in profit due to the delayed recovery of the classroom business and continued investment in DX. The publishing and content business recorded a decrease in revenue and an increase in profit. The publishing business registered decreases in revenue and profit due to a continued decline in sales, especially of children's books, and an increase in the number of returns of books delivered in the previous fiscal year. However, genres other than children's books are showing signs of recovery; for example, some issues of the "Chikyu-no-Arukikata" and "Otona-no-Kagaku" series were hits. The workforce development and language learning business suffered a decrease in revenue due to the impact of Gakken Sta:Ful Co., Ltd. becoming an equity method affiliate in the fourth quarter of the previous fiscal year, but saw an increase in profit because the e-learning business remained strong. The kindergarten and school business suffered declines in revenue and profit as the preschooler business remained slow due to a decrease in the number of new kindergartens in the context of a declining birthrate.

In the Healthcare and nursing Domain, despite the impact of soaring food prices, active opening of new locations and strong occupancy rates contributed to increases in revenue and profit in the elderly housing business and the group homes for the elderly with dementia business. The child raising support business also recorded increases in revenue and profit as utilization rates at nursery schools remained high and stable, even with ongoing upfront investment in new business development.

## 3) Reclassification and transfer of the businesses linked to the Education domain

In implementing the medium-term management plan, "Gakken 2025," announced in November 2023, the Company will seek the optimal allocation of management resources and promote agile and efficient operation on a business domain basis. With this, the Company organized and renamed the businesses (medium classification) linked to the businesses (large classification) of the Education domain and reclassified and transferred the individual businesses (small classification) from the first quarter of the fiscal year under review. Major changes are as follows:

### I. Renaming and removal of businesses (medium classification)

- 1) The former category "medical and nursing business" in the publishing and content business was removed as a result of the reclassification of individual businesses.
- 2) The former category "businesses other than publishing" in the publishing and content business was renamed as "workforce development and language learning business" in the same category.
- 3) The former category "working adult business" in the kindergarten and school business was removed as a result of reclassification of individual businesses.

### II. Reclassification and transfer of individual businesses (small category)

- 1) Business of publishing and selling learning materials, etc. for learning centers: [Old] Publishing and content business > Publishing business → [New] Classroom and learning center business > Learning center business

- 2) Business of publishing and selling books on medicine and nursing: [Old] Publishing and content business > Medical and nursing business → [New] Same > Publishing business
- 3) Business of e-learning for nurses: [Old] Publishing and content business > Medical and nursing business → [New] Same > Workforce development and language learning business
- 4) Corporate training business: [Old] Kindergarten and school business > Working adult business → [New] Publishing and content business > Workforce development and language learning business
- 5) Elderly care service business of Ichishin Holdings Co., Ltd.: [Old] Healthcare and nursing Domain > Group homes for the elderly with dementia business → [New] Education domain > Classroom and learning center business > Learning center business

Classification of the Group's products and services after incorporating the above changes is as follows:

Reporting segment	Large classification	Medium classification	Individual business (small classification)
Education domain	Classroom and learningcenter business	Classroom business	Operation of classrooms for a range of children from preschoolers to junior high school students (mainly elementary school students)
		Learning center business	Operation of learning centers for a range of children from elementary school students to senior high school students
			Publishing and sale of learning materials for learning centers, assessment, and other materials
	Publishing and content business	Publishing business	Publishing and sale of publications through distributors and bookstores
		Workforce development and language learning business	Operation of e-learning for training programs targeting nurses
			Operation of online English conversation services
			Operation of experience-based English learning facilities
	Kindergarten and school business	Preschooler business	Procurement, planning, production, and sale of publications, child-care products, equipment, and playground equipment for kindergartens and nursery schools, as well as apparel items for teachers
		School business	Planning, production, and sale of textbooks, instruction guides for teachers, supplementals, digital learning materials, special needs education materials, and short essay tutoring services
	Healthcare and nursing Domain	Elderly housing business	
Group homes for the elderly with dementia business		Planning, development, and operation of bases for elderly care services, mainly group homes for the elderly with dementia	
Child raising support business		Development, and operation of nursery schools, daycare centers, afterschool children's clubs, etc.	
Other Domain			Logistics business, operation of relevant systems, undertaking of contract work, etc.
			Planning, contract work, and implementation of ODA business, and promotion of the Group's overseas business
			Planning and development of digital products and support for Group DX

Business performance by segment is summarized below.

(Million yen)

	Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Reportable segments						
Education domain	17,720	304	20,671	89	2,951	(215)
Healthcare and nursing Domain	19,004	637	20,457	991	1,453	353
Other	1,484	154	1,620	143	136	(10)
Adjustment	–	(491)	–	(387)	–	103
Group total	38,208	605	42,749	836	4,540	231

[Education domain]

Net sales: ¥20,671 million (up 16.7% year on year); operating profit: ¥89 million (down ¥215 million or 70.7% year on year)

(Million yen)

	Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Main businesses						
Classroom and learning center business	8,154	180	12,111	(15)	3,956	(195)
Publishing and content business	6,392	234	5,753	345	(638)	110
Kindergarten and school business	3,172	(67)	2,806	(134)	(366)	(66)
Goodwill	–	(42)	–	(106)	–	(64)
Segment total	17,720	304	20,671	89	2,951	(215)

\*The figures for the previous fiscal year have been retroactively adjusted due to business reclassification.

(Classroom and learning center business)

The classroom business registered decreases in revenue and profit due to sluggish growth in acquisition of new students and opening of new classrooms regarding home-based franchise classrooms and preschooler classes offered in shopping malls. Demand for digital services is expanding, including for Kotoba Park, the online Japanese language instruction service.

The learning center business recorded an increase in revenue but a decrease in profit. The performance of many Group companies in the learning center business remained at the prior-year level partly due to a tendency to curtail education spending in households, but net sales increased substantially thanks to the effect of the consolidation of Ichishin Holdings Co., Ltd. and NE Holdings Co., Ltd. in the fourth quarter of the previous fiscal year. Profit fell partly due to continued active investment in DX.

(Publishing and content business)

The publishing business recorded decreases in revenue and profit. Net sales declined due to a drop in sales of the children's books genre and an increase in the number of returns. However, sales have started to show signs of recovery; for example, some issues of "Chikyu-no-Arukikata" and "Otona-no-Kagaku" series were hits. Profit declined due to a continued surge in paper prices and because the cost rate remained high due to a decrease in delivery of back issues.

The workforce development and language learning business (former "businesses other than publishing") consists of four businesses: e-learning for nurses, online English conversation, operation of experience-based English learning facilities, and corporate training. Net sales declined because Gakken Sta:Ful Co., Ltd., which

sells educational toys, became an equity method affiliate in the previous fiscal year. Regarding e-learning for nurses, the number of hospitals subscribing to e-learning programs increased by more than 10% from a year earlier. The online English conversation service “Kimini” grew in sales for individuals despite the impact of a weaker yen. Profit rose as a whole, driven by the two businesses that performed strongly.

(Kindergarten and school business)

The preschooler business recorded decreases in revenue and profit. Profit was driven down by sluggish sales of large play equipment and fittings due to a decline in the number of new nursery school openings and weak sales of apparel items such as aprons for teachers.

The school business recorded a decrease in profit due to higher costs but posted an increase in revenue as the performance of the textbook business and short essay tutoring business remained strong.

[Healthcare and nursing Domain]

Net sales: ¥20,457 million (up 7.6% year on year); operating profit: ¥991 million (up ¥353 million or 55.5% year on year)

(Million yen)

	Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Elderly housing business	8,689	176	9,593	390	904	213
Group homes for the elderly with dementia business	8,840	551	9,242	660	402	109
Child raising support business	1,475	25	1,621	56	146	31
Goodwill	–	(115)	–	(116)	–	(0)
Segment total	19,004	637	20,457	991	1,453	353

(Elderly housing business)

In serviced apartments for the elderly, active opening of new facilities continued. In the three months ended December 31, 2023, five new facilities were opened, bringing the total number of sites to 208 including franchise locations, with a total of 10,683 rooms. Occupancy rates remain at a high level, reaching 96.9% (up 2.4 percentage point year on year). Although there were factors that placed pressure on revenue, such as soaring food costs, both revenue and profit increased mainly due to efficient operation of facilities and effective use of subsidies.

(Group homes for the elderly with dementia business)

In group homes for the elderly with dementia, three new facilities were opened in the three months ended December 31, 2023, bringing the total number of facilities to 310, with a total of 5,903 rooms. With construction costs remaining high, the Company is actively proceeding with the takeover of facilities mainly in the existing deployment areas and is seeking to expand its market share in the dominant areas. The occupancy rate has also remained high at around 97%, and both revenue and profit increased, despite the impact of soaring prices.

(Child raising support business)

In the child raising support business, utilization rates at nursery schools rose to 95.9% (an increase of 3.7 percentage points year on year) at the end of December, indicating continued strong performance. The afterschool children’s club business operated on consignment from local governments also saw a steady increase in the number of facilities operated, and revenue and profit increased, despite continued investment in new development such as child development support facilities.



[Other]

Net sales: ¥1,620 million (up 9.2% year on year); operating profit: ¥143 million (down ¥10 million or 7.0% year on year)

Other businesses recorded an increase in revenue, but profit generally remained at the prior-year level due to continued strategic investment in the global and digital domains. In the global business, ODA for emerging countries and the business to support the overseas expansion of private companies have been performing well. In addition, cooperation with partners in Vietnam and other strategic regions has progressed smoothly. In the digital domain, the number of users of “Shikaku Pass,” an online reskilling service provided by Gakken LEAP Co., Ltd., is on the rise thanks to active promotion.

## (2) Explanation of Financial Position

(Million yen)

Item	As of September 30, 2023	As of December 31, 2023	Change
Current assets	62,620	66,142	3,522
Cash and deposits	20,836	21,596	760
Non-current assets	73,707	67,587	(6,120)
Total assets	136,328	133,730	(2,597)
Current liabilities	44,550	40,456	(4,094)
Non-current liabilities	36,743	40,072	3,329
Total liabilities	81,294	80,528	(765)
Interest-bearing debt*1	43,371	44,013	641
Total net assets	55,034	53,202	(1,832)
Total liabilities and net assets	136,328	133,730	(2,597)
Equity ratio (%)*2	38.7	38.1	(0.6)
D/E ratio (times)*3	0.82	0.86	0.04

\*1: Interest-bearing debt = Borrowings + Bonds payable + Lease obligations

\*2: Equity ratio = Equity / Total assets

\*3: D/E ratio = Interest-bearing debt / Equity

The total assets for the first quarter of the fiscal year ending September 30, 2024 amounted to ¥133,730 million, decreasing by ¥2,597 million from the end of the preceding fiscal year. The main changes were an increase of ¥760 million in cash and deposits, an increase of ¥514 million in notes and accounts receivable - trade, an increase of ¥607 million in merchandise and finished goods, an increase of ¥2,937 million in intangible assets, and a decrease of ¥9,410 million in investment securities.

The total liabilities amounted to ¥80,528 million, decreasing by ¥765 million from the end of the preceding fiscal year. The main changes were an increase of ¥708 million in notes and accounts payable - trade, a decrease of ¥2,759 million in short-term borrowings, a decrease of ¥1,096 million in income taxes payable, a decrease of ¥1,032 million in provision for bonuses, and an increase of ¥3,250 million in long-term borrowings.

The total net assets amounted to ¥53,202 million, decreasing by ¥1,832 million from the end of the preceding fiscal year. The main changes were a decrease of ¥589 million in retained earnings and an increase of ¥1,192 million in treasury shares.

## (3) Consolidated Financial Results Forecast and Other Forward-looking Statements

For the entire Group, the Company expects net sales of ¥185.0 billion, operating profit of ¥6.4 billion, and profit attributable to owners of parent of ¥2.7 billion due to 1) the expansion of the learning center business by Ichishin Holdings Co., Ltd., a firm that the Company made a consolidated subsidiary in July 2023, in the Education domain, 2) accelerated ongoing development of new locations for serviced apartments for the elderly and group homes for the elderly with dementia, including Grand UniLife Care Service Co., Ltd., with which the Company signed a stock acquisition agreement in September 2023, in the Healthcare and nursing Domain, and 3) business expansion in Vietnam in the global area. The outlook remains unchanged.

The above financial performance forecasts are determined based on information currently available to the Company and include potential risks and uncertainties. Please note that actual performance may vary significantly due to various factors.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of September 30, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,836	21,596
Notes and accounts receivable - trade	21,919	22,434
Merchandise and finished goods	9,606	10,213
Real estate for sale	386	567
Work in process	2,429	2,779
Raw materials and supplies	211	158
Other	7,271	8,432
Allowance for doubtful accounts	(41)	(39)
<b>Total current assets</b>	<b>62,620</b>	<b>66,142</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,064	13,077
Machinery, equipment and vehicles, net	56	59
Land	4,499	4,516
Construction in progress	10	18
Other, net	1,557	1,513
<b>Total property, plant and equipment</b>	<b>19,189</b>	<b>19,186</b>
Intangible assets		
Goodwill	7,754	10,648
Other	3,189	3,233
<b>Total intangible assets</b>	<b>10,943</b>	<b>13,881</b>
Investments and other assets		
Investment securities	27,640	18,230
Other	16,124	16,468
Allowance for doubtful accounts	(190)	(178)
<b>Total investments and other assets</b>	<b>43,574</b>	<b>34,520</b>
<b>Total non-current assets</b>	<b>73,707</b>	<b>67,587</b>
<b>Total assets</b>	<b>136,328</b>	<b>133,730</b>

(Million yen)

	As of September 30, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,834	7,543
Short-term borrowings	6,956	4,197
Current portion of long-term borrowings	10,245	10,439
Income taxes payable	1,347	250
Provision for bonuses	2,326	1,294
Other	16,840	16,731
<b>Total current liabilities</b>	<b>44,550</b>	<b>40,456</b>
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	19,052	22,302
Retirement benefit liability	4,684	4,676
Other	7,006	7,093
<b>Total non-current liabilities</b>	<b>36,743</b>	<b>40,072</b>
<b>Total liabilities</b>	<b>81,294</b>	<b>80,528</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,817	19,817
Capital surplus	12,370	12,369
Retained earnings	17,433	16,843
Treasury shares	(315)	(1,507)
<b>Total shareholders' equity</b>	<b>49,306</b>	<b>47,523</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,857	1,859
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	271	292
Remeasurements of defined benefit plans	1,310	1,243
<b>Total accumulated other comprehensive income</b>	<b>3,441</b>	<b>3,395</b>
Share acquisition rights	229	224
Non-controlling interests	2,056	2,059
<b>Total net assets</b>	<b>55,034</b>	<b>53,202</b>
<b>Total liabilities and net assets</b>	<b>136,328</b>	<b>133,730</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income

(Million yen)

	For the three months ended December 31, 2022	For the three months ended December 31, 2023
Net sales	38,208	42,749
Cost of sales	27,590	31,690
Gross profit	10,618	11,059
Selling, general and administrative expenses	10,013	10,222
Operating profit	605	836
Non-operating income		
Interest income	1	5
Dividend income	50	49
Share of profit of entities accounted for using equity method	–	234
Other	54	54
Total non-operating income	106	343
Non-operating expenses		
Interest expenses	45	78
Share of loss of entities accounted for using equity method	64	–
Commission expenses	0	30
Other	25	41
Total non-operating expenses	136	151
Ordinary profit	575	1,029
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	–	82
Other	0	0
Total extraordinary income	4	82
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	88
Impairment losses	0	15
Loss on sale of investment securities	–	1,080
Loss on termination	53	–
Other	4	5
Total extraordinary losses	59	1,189
Profit (loss) before income taxes	519	(77)
Income taxes	253	(32)
Profit (loss)	266	(45)
Profit (loss) attributable to non-controlling interests	33	(6)
Profit (loss) attributable to owners of parent	232	(38)

## Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended December 31, 2022	For the three months ended December 31, 2023
Profit (loss)	266	(45)
Other comprehensive income		
Valuation difference on available-for-sale securities	302	16
Deferred gains or losses on hedges	–	0
Foreign currency translation adjustment	36	4
Remeasurements of defined benefit plans, net of tax	(52)	(54)
Share of other comprehensive income of entities accounted for using equity method	(5)	0
Total other comprehensive income	280	(32)
Comprehensive income	546	(77)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	514	(85)
Comprehensive income attributable to non-controlling interests	32	7

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes When There Are Significant Changes in Amounts of Equity)

For the three months ended December, 2023

There is no relevant information.

(Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the first quarter ended December 31, 2023, and multiplying the profit before income taxes by this estimated effective tax rate.

(Segment Information, etc.)

I For the three months ended December 31, 2022

1. Information on the amounts of net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in the quarterly consolidated statements of income (Note) 3
	Education domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	17,720	19,004	36,724	1,484	38,208	–	38,208
Inter-segment net sales or transfers	46	18	65	2,271	2,337	(2,337)	–
Total	17,766	19,023	36,790	3,755	40,545	(2,337)	38,208
Segment profit	304	637	942	154	1,096	(491)	605

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥491 million for “Segment profit” includes negative ¥484 million in company-wide expenses that were not allocated to specific reportable segments. Company-wide expenses are mainly general and administrative expenses that are not attributable to a reportable segment.
3. Total amount of “segment profit” is adjusted based on operating profit reported in the quarterly consolidated statements of income.

2. Information concerning impairment losses on non-current assets or goodwill, etc. by reportable segment

There is no relevant information.

II For the three months ended December 31, 2023

1. Information on the amounts of net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in the quarterly consolidated statements of income (Note) 3
	Education domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	20,671	20,457	41,129	1,620	42,749	–	42,749
Inter-segment net sales or transfers	202	12	214	2,023	2,237	(2,237)	–
Total	20,873	20,469	41,343	3,643	44,987	(2,237)	42,749
Segment profit	89	991	1,080	143	1,224	(387)	836

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥387 million for “Segment profit” includes negative ¥390 million in company-wide expenses that were not allocated to specific reportable segments. Company-wide expenses are mainly general and administrative expenses that are not attributable to a reportable segment.
3. Total amount of “segment profit” is adjusted based on operating profit reported in the quarterly consolidated statements of income.

2. Information concerning impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant change in goodwill)

In the Healthcare and nursing Domain, Grand UniLife Care Service Co., Ltd. became a consolidated



subsidiary in the first quarter of the fiscal year under review. The increase in goodwill attributable to this event was ¥3,016 million.

The amount of goodwill was tentatively calculated because the allocation of acquisition costs was not completed at the end of the first quarter of the fiscal year under review.