

**Presentation Materials for the Earnings Briefing
for the First Half of the Fiscal Year Ending September 30, 2021**

May 19, 2021 (TSE 1st Section 6189)

Global Kids Company Corp.



Global Kids 

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 is 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.

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Overview of Results for the First Half of the Fiscal Year Ending September 30, 2021 (FY9/21)

■ Both operating profit and ordinary profit increased significantly.

1. Net sales increased 6.0% year on year

- Net sales: ¥11,640 million (up ¥662 million, or 6.0%, year on year)
 - An increase in the occupancy rate at facilities in their second and third years after establishment, as well as an increase in the number of children enrolled at new facilities contributed to this increase.

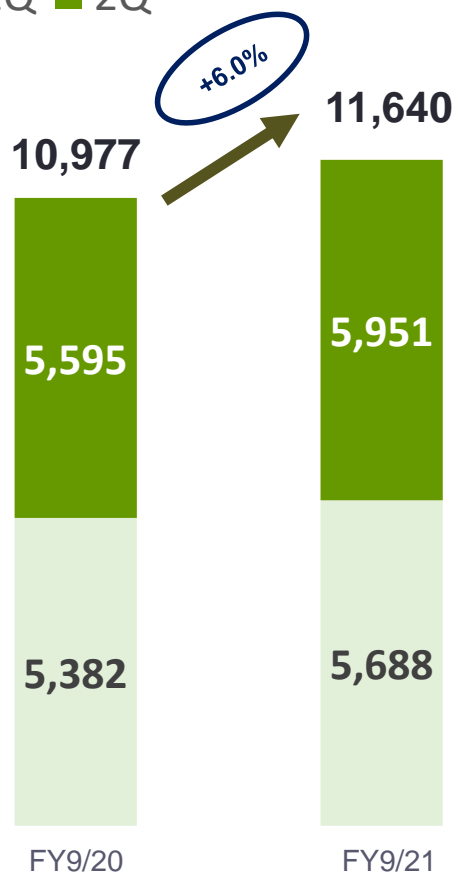
2. Operating profit increased 71.5% year on year

- Operating profit: ¥336 million (up ¥140 million, or 71.5%, year on year)
 - The cost of sales and SG&A expenses ratios improved due to factors such as increased net sales and greater hiring efficiency, and profits rose significantly.
- Ordinary profit: ¥324 million (up ¥83 million, or 34.4%, year on year)
 - Although non-operating income fell, ordinary profit grew in conjunction with the rise in operating profit.
 - The decline in non-operating income was due to the recording of ¥54 million in subsidy income related to capital investment during the first six months of the previous fiscal year, while no such income was recorded during the first six months of the current fiscal year. This income is expected to be recorded in and after the third quarter of this fiscal year.
- Profit: ¥196 million (up ¥49 million, or 33.3%, year on year)

Results summary for the first half of FY9/21

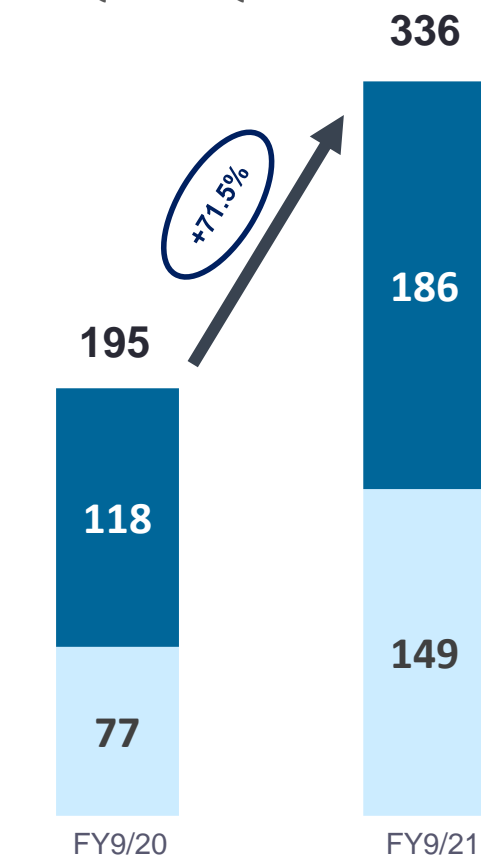
Net sales

1Q 2Q



Operating profit

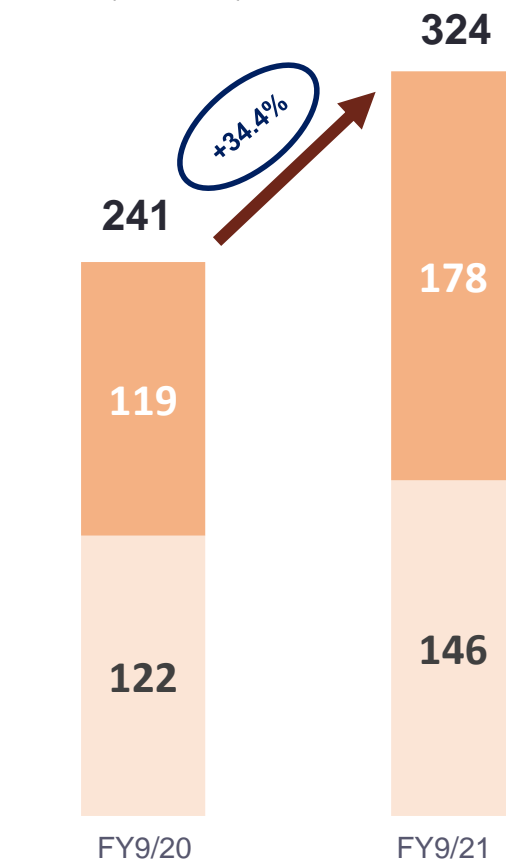
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Ordinary profit

(Millions of yen)

1Q 2Q

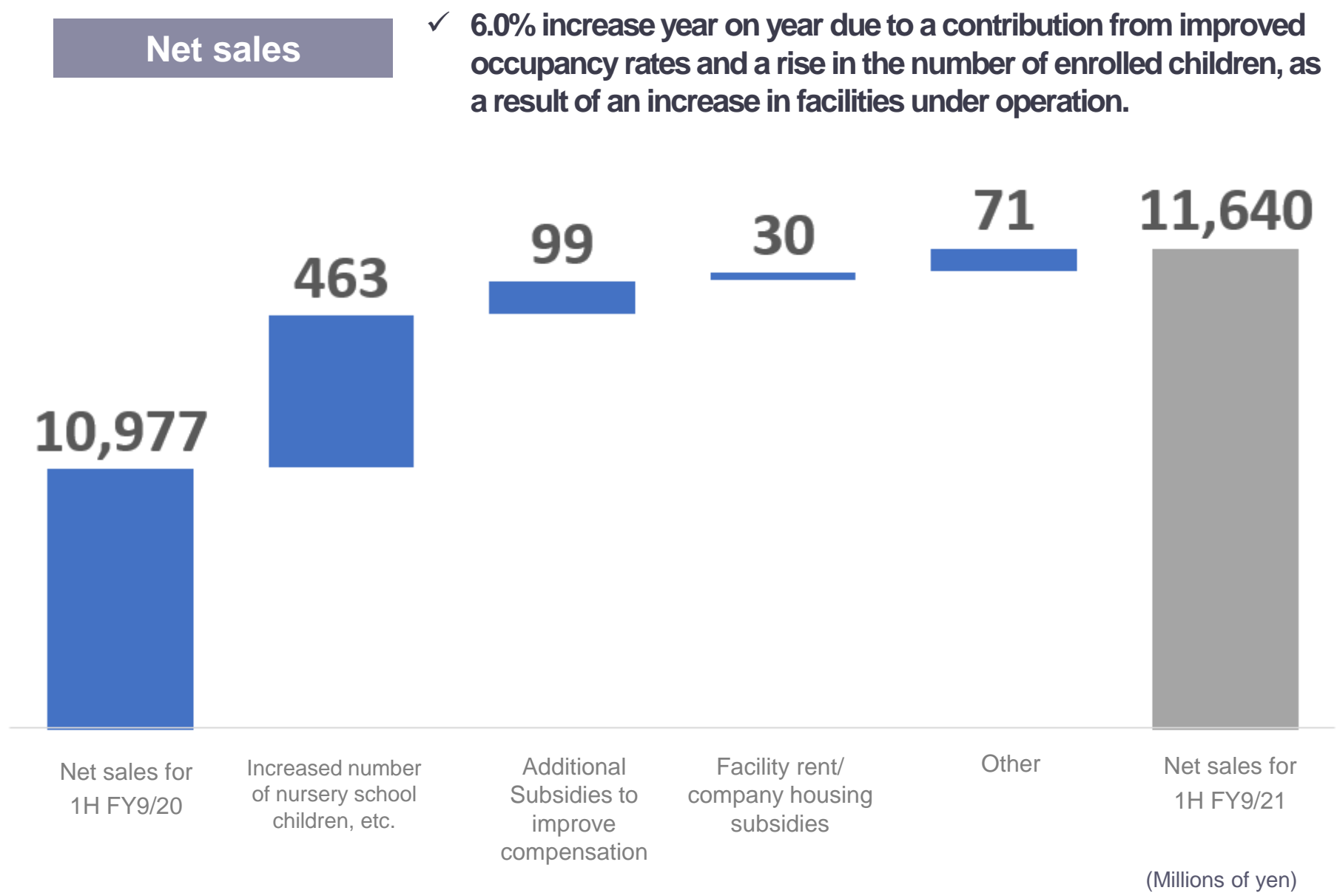


Operating results for the first half of FY9/21

	1H FY9/20		1H FY9/21		
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	YoY change
Net sales	10,977	100.0%	11,640	100.0%	+6.0%
Cost of sales	9,598	87.4%	10,155	87.2%	+5.8%
Gross profit	1,379	12.6%	1,484	12.8%	+7.6%
SG&A expenses	1,183	10.8%	1,148	9.9%	(2.9)%
Operating profit	195	1.8%	336	2.9%	+71.5%
Non-operating Income	61	-	6	-	(89.8)%
Non-operating Expenses	15	-	17	-	+13.8%
Ordinary profit	241	2.2%	324	2.8%	+34.4%
Extraordinary income	27	-	-	-	-
Extraordinary Losses	6	-	-	-	-
Profit before income taxes	263	2.4%	324	2.8%	+23.3%
Income taxes	115	-	128	-	+10.5%
Profit	147	1.3%	196	1.7%	+33.3%

(Figures have been rounded down to the nearest million yen. Rates of increases/decrease and composition ratios have been rounded to two decimal places.)

Factors behind year on year change in net sales for the first half of FY9/21



Factors behind year on year change in operating profit for the first half of FY9/21

Operating profit

✓ **Substantial increase in profit due to reduced SG&A expenses such as recruitment expenses, in addition to an increase in gross profit resulting from sales growth.**



(Millions of yen)

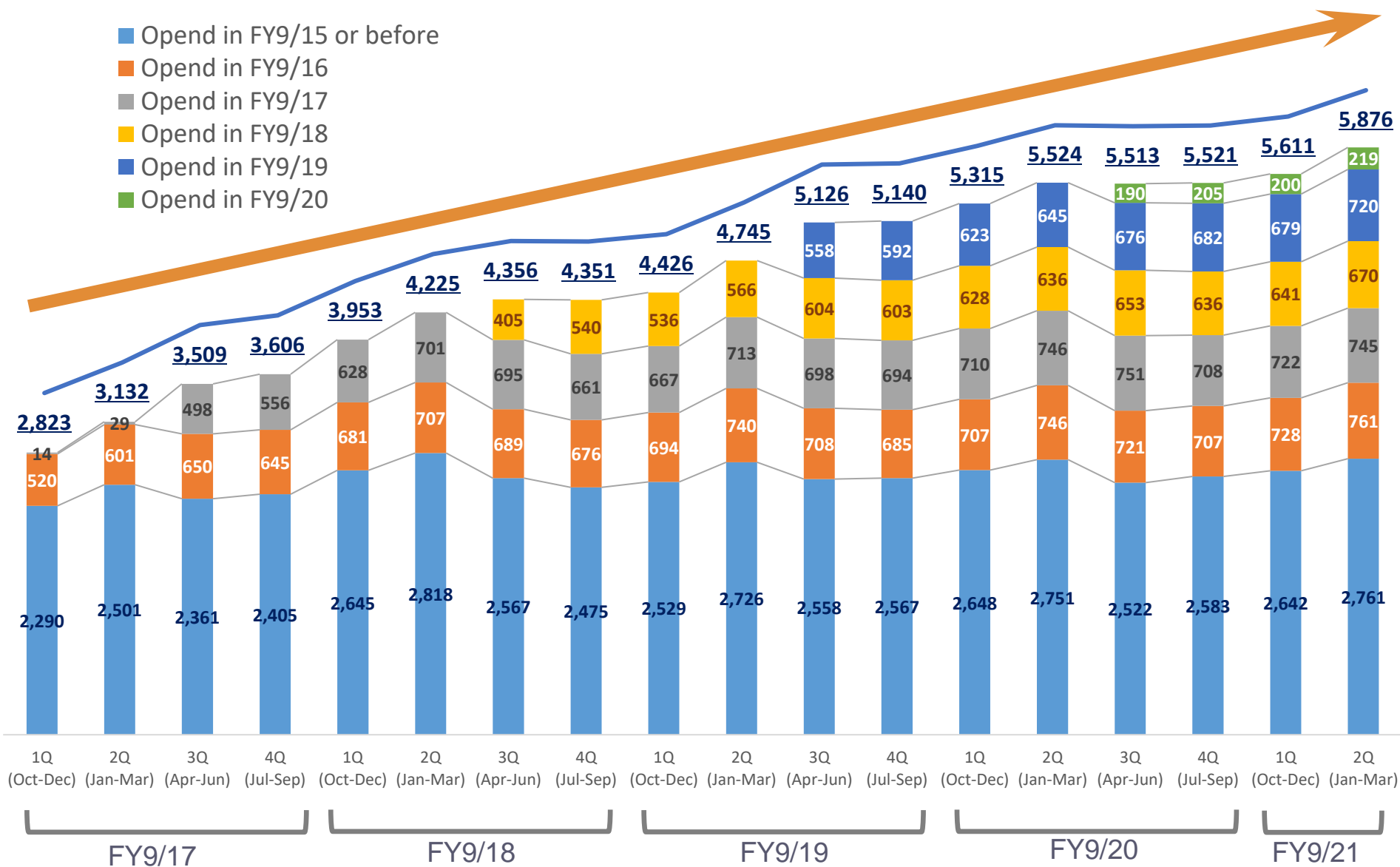
Factors behind year on year change in ordinary profit for the first half of FY9/21

Ordinary profit

✓ Although non-operating income/expenses contracted, ordinary profit rose due to an increase in operating profit.



Quarterly net sales by period of school opening (childcare business)



Note: The above figures only include those for the childcare business (excluding consulting/school meal catering business).

(Millions of yen)

Consolidated balance sheet for the first half of FY9/21

	As of September 30, 2020 (Millions of yen)	As of March 31, 2021	
		(Millions of yen)	YoY change
Current assets	4,194	6,890	+2,696
Cash and deposits	1,816	4,347	+2,530
Non-current assets	14,366	14,552	+185
Property, plant and equipment	11,666	11,863	+196
Total assets	18,561	21,443	+2,882
Current liabilities	3,466	6,462	+2,995
Non-current liabilities	6,947	6,608	(339)
Total liabilities	10,414	13,070	+2,656
Net assets	8,146	8,373	+226
Total liabilities & net assets	18,561	21,443	+2,882
Interest-bearing debt	5,346	8,048	+2,702
Equity ratio	43.8%	39.0%	-
D/E ratio	0.66 times	0.96 times	-

(Figures have been rounded down to the nearest million yen.)

Consolidated statement of cash flows for the first half of FY9/21

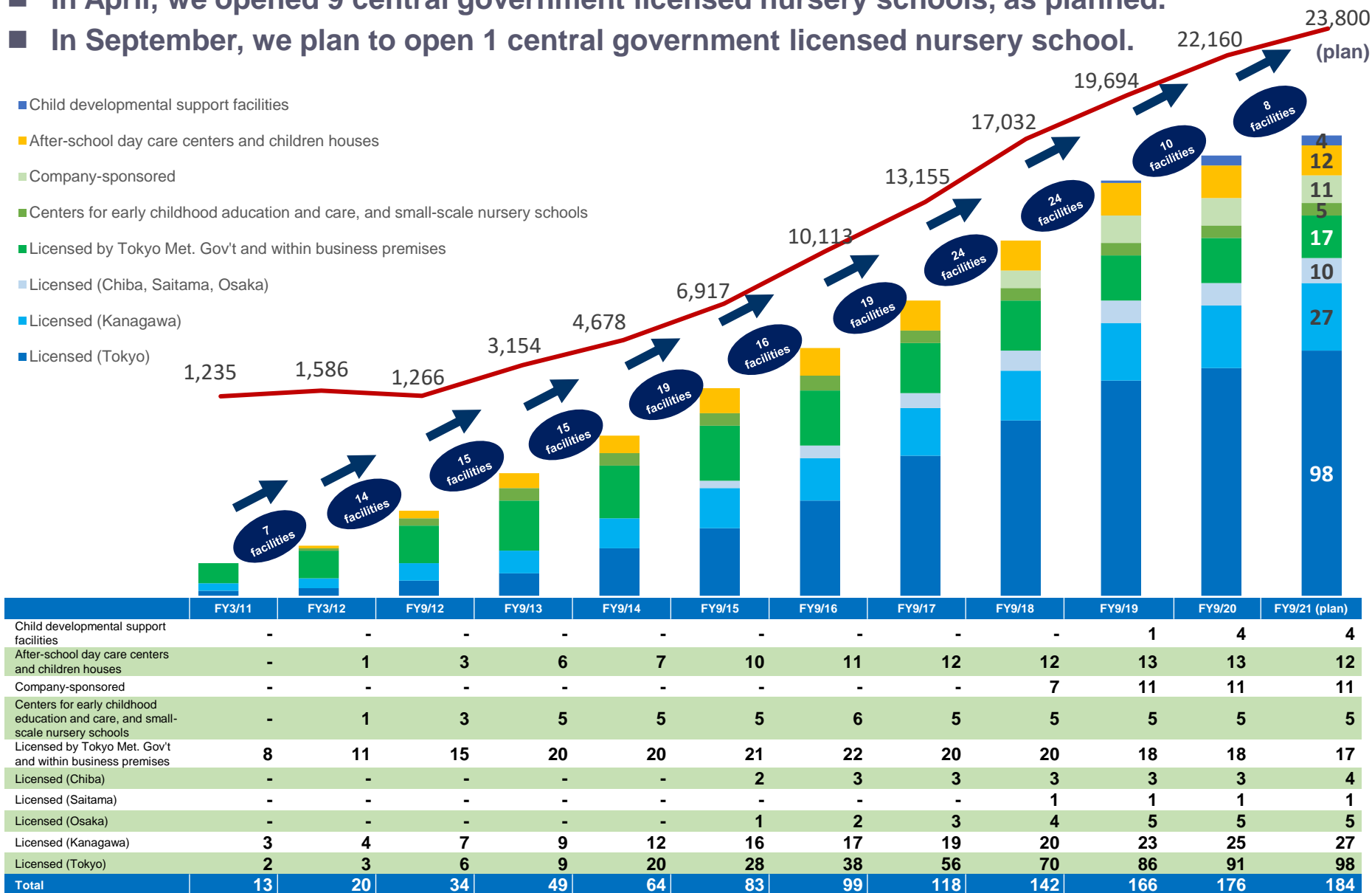
	1H FY9/20 (Millions of yen)	1H FY9/21 (Millions of yen)
Cash flows from operating activities	921	487
Profit before income taxes	263	324
Depreciation	399	416
Decrease (increase) in accounts receivable-other	196	(10)
Decrease (increase) in prepaid expenses	(142)	(141)
Increase (decrease) in accounts payable-other	252	231
Increase (decrease) in advances received	(62)	(45)
Income taxes paid	(65)	(344)
Cash flows from investing activities	(797)	(657)
Purchase of property, plant and equipment	(693)	(604)
Payments for lease and guarantee deposits	(82)	(62)
Cash flows from financing activities	2,695	2,700
Net increase (decrease) in loans payable and bonds	2,697	2,702
Net increase (decrease) in cash and cash equivalents	2,818	2,530
Cash and cash equivalents at beginning of period	1,480	1,816
Cash and cash equivalents at end of period	4,299	4,347

(Only major accounting subjects are presented. Figures have been rounded down to the nearest million yen.)

Number of facilities under operation

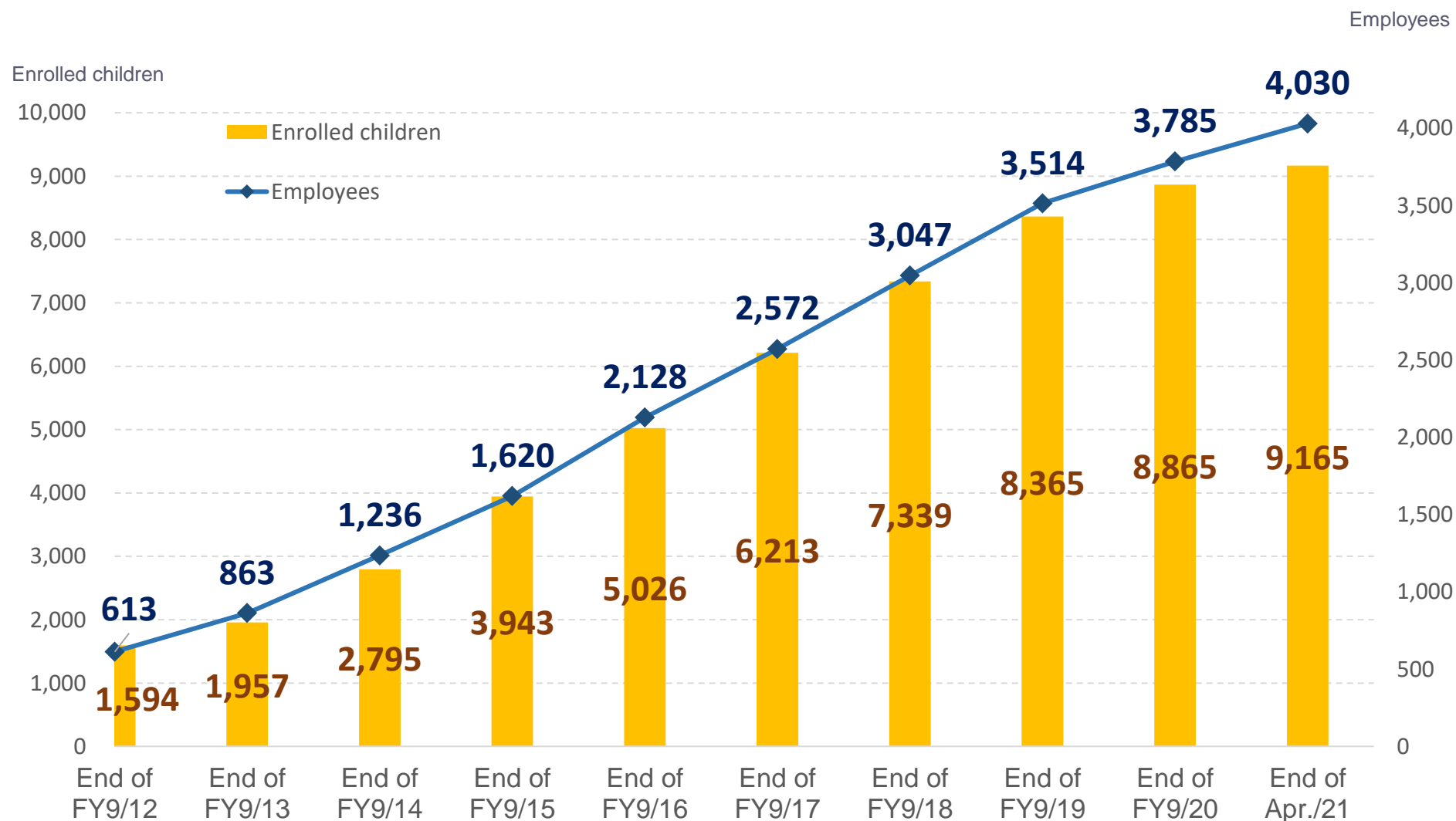
■ In April, we opened 9 central government licensed nursery schools, as planned.

■ In September, we plan to open 1 central government licensed nursery school.



Note: Net sales for FY9/15 and before are those of Global Kids Co., Ltd. on a consolidated basis.

Numbers of enrolled children, employees



“Enrolled children” above excludes those enrolled/registered in after-school day care centers, children houses, and child developmental support facilities.
“Employees” above includes corporate staff and part time workers, and both full-time and part-time employees, including those working shorter hours.

Forecast for the Fiscal Year Ending September, 30, 2021

Forecast for FY9/21 and progress status

■ The full-year forecast remains unchanged.

- ✓ We plan to record non-operating income, in the form of subsidy income related to capital investment in the third quarter.

	FY9/20 results		FY9/21 forecast				1H FY9/21 results	
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	YoY change	1H cumulative progress	Amount (Millions of yen)	%
Net sales	22,160	100.0%	23,800	100.0%	+7.4%	48.9%	11,640	100.0%
Operating profit	477	2.2%	700	2.9%	+46.6%	48.0%	336	2.9%
Ordinary profit	916	4.1%	1,260	5.3%	+37.5%	25.8%	324	2.8%
Profit	438	2.0%	680	2.9%	+55.2%	28.9%	196	1.7%

Corporate philosophy

“For the future of our children”

~Enchanting them with rich-hearted, spirited adults~

Vision

“2030 Triple Trust”

**~Becoming the company most trusted by our staff,
children and parents, and local communities~**

Priority measures for FY9/21

■ Implement 3 priority measures.

■ In addition to our ongoing efforts related to people and childcare, we will strengthen new peripheral businesses.

1	Integration of employees and childcare to become the nursery school of choice	<ul style="list-style-type: none">• Initiatives to improve the quality of our childcare services and for branding• Trust and self-management initiatives for spirited adults• Increased public relations and marketing activities toward parents and local communities
2	Strengthen operational capability and profitability as the foundations of the childcare business	<ul style="list-style-type: none">• Optimal placement (including shifts) and improved retention rates• Improvement in earnings by each school• Investment in IT to strengthen operations and improve productivity
3	Strengthen new peripheral businesses for the future	<ul style="list-style-type: none">• Strengthen other businesses (school children, developmental support, school meal consulting, overseas, etc.)• Initiatives to realize the Child Care PF (*) Concept

*A childcare platform which is a tool for collaboration with other service providers.

New facilities scheduled to open in FY9/21

- In FY9/21, we plan to open 10 central government licensed nursery schools, in line with the Medium-term Management Plan.
- After the openings, the number of facilities under operation is scheduled to be 184.

Central government licensed nursery schools

Name of facilities	Location	Planned capacity	Opening
Global Kids Ikegami	Ota-ku	60	April 2021
Global Kids Kamata No. 2	Ota-ku	60	April 2021
Global Kids Magome	Ota-ku	40	April 2021
Global Kids Morishita 5-chome	Koto-ku	64	April 2021
Global Kids Hirano	Koto-ku	64	April 2021
Global Kids Shimo No. 2	Kita-ku	70	April 2021
Global Kids Mitsukyo	Yokohama City	60	April 2021
Global Kids Hiyoshi 5-chome	Yokohama City	70	April 2021
Global Kids Urayasu	Urayasu City	80	April 2021
Global Kids Tachiaigawa	Shinagawa-ku	60	September 2021
Newly opened nursery schools: 10		Total	628 children

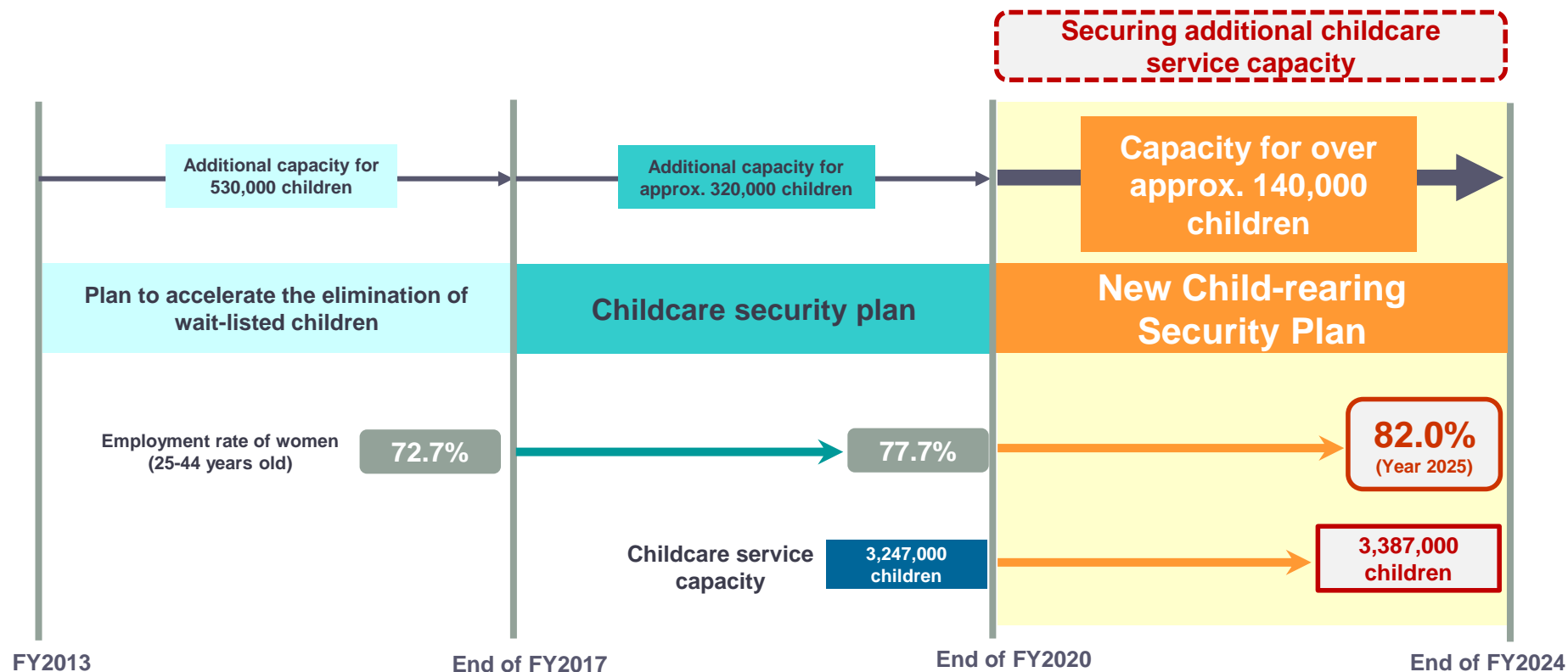
* Schedule is subject to change.

Government Initiatives

Announcement of the New Child-rearing Security Plan

Securing additional childcare service capacity

- Develop childcare service capacity, primarily in municipalities with high population growth rates and low population loss rates.
- In order to respond to a further increase in the employment rate of women aged 25-44 (77.7% in 2020 ⇒ 82.0% in 2025), develop capacity for more than 140,000 children over the the next four years.

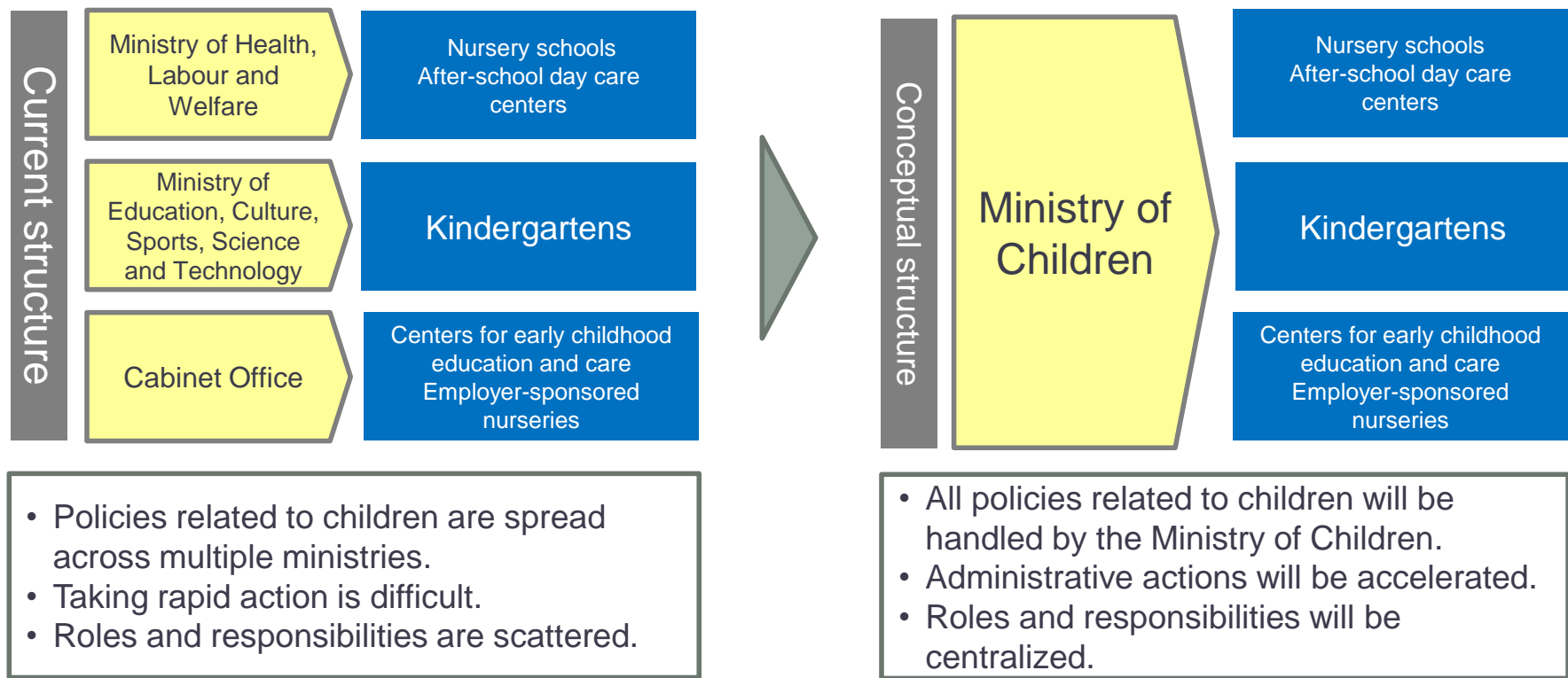


Source: Prepared by the Company, based on materials from the Cabinet Office, Ministry of Health, Labour and Welfare, and Ministry of Education, Culture, Sports, Science and Technology, "Status of the New Childcare Support System in the FY 2017 Budget Proposal" and the Ministry of Health, Labour and Welfare, "New Child-rearing Security Plan" (December 21, 2020).

Government deliberations regarding the establishment of a “Ministry of Children”

Eliminate compartmentalized administration and materialize a “Children First” approach

- Put an end to the long-standing problem of wait-listed children, and create an environment where people can feel secure having children.
- Double the percentage of the GDP spent on childcare-related support.




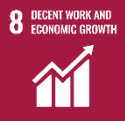



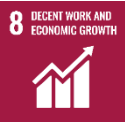






Sustainable Development Goals (SDGs) Initiatives

SDGs Initiatives ~Aiming to grow and develop sustainably together with society

■ Business development directly linked to SDGs



Relevant SDGs	Social issues solved through business and corporate activities		Main initiatives
 	Childcare	Enhancing parenting support (quality and quantity)	<ul style="list-style-type: none"> ● Practice of high-quality childcare ● Opening of new nursery schools ● Expansion of child developmental support facilities ● Provision of school meals that support health ● Implementation of dietary education measures
 	Promotion of active participation by women Diversity	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
 	Human resource development	Improving expertise and career development	<ul style="list-style-type: none"> ● Flexible work style reform ● Creating of learning environments ● Career path set according to growth
  	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
  	Global environment	Contributing to the global environment	<ul style="list-style-type: none"> ● Food loss reduction activities ● Recycling of disposable diapers ● Collecting unnecessary picture books from nursery school users and donating them overseas ● Reducing CO2 emissions by promoting LED lighting ● Promoting revitalization of domestic forestry and forest conservation through active use of domestic timber



**Thank you for
your attention**

◆ Websites:

<https://www.gkids.jp/> Global Kids Company Corp. official site

<https://www.gkids.co.jp/> Global Kids Co., Ltd. official site

<https://www.gk-recruit.jp/> Global Kids Co., Ltd. recruiting site

<https://www.facebook.com/Gkidsbook/> Official facebook page

<https://www.instagram.com/globalkids/> Official Instagram page

https://note.com/gkids_7088/ Official note

https://www.instagram.com/global_kids/ Well-received comic, "Global Kids!"

<https://twitter.com/globalkids/> Well-received comic, "Global Kids!"

