

Consolidated Financial Results for the Nine Months Ended June 30, 2023 [Japanese GAAP]



August 10, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 9470
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 Scheduled date of filing quarterly securities report: August 10, 2023
 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 Nine Months Ended June 30, 2023 (October 1, 2022 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	119,361	2.0	3,307	(30.9)	3,486	(30.4)	1,153	(59.5)
June 30, 2022	117,011	3.1	4,785	(23.2)	5,010	(18.4)	2,847	39.3

(Note) Comprehensive income: Nine months ended June 30, 2023: ¥2,297 million [4.8%]

Nine months ended June 30, 2022: ¥2,193 million [(18.6)%]

	Profit per share	Diluted profit per share
Nine months ended	Yen	Yen
June 30, 2023	26.20	25.97
June 30, 2022	65.18	64.58

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	129,524	50,224	38.3
As of September 30, 2022	123,682	48,888	39.2

(Reference) Equity: As of June 30, 2023: ¥49,666 million

As of September 30, 2022: ¥48,439 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, 2022	–	12.00	–	12.00	24.00
Fiscal year ending September 30, 2023	–	12.50	–		
Fiscal year ending September 30, 2023 (Forecast)				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, 2023 (October 1, 2022 to September 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	160,000	2.5	5,600	(12.9)	6,100	(12.0)	3,300	(4.1)	74.94

(Note) Revision of financial results forecast since the last announcement: Yes

* 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: Yes
 - 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):
 June 30, 2023: 44,633,232 shares
 September 30, 2022: 44,633,232 shares
 - 2) Total number of treasury shares at the end of the period:
 June 30, 2023: 538,131 shares
 September 30, 2022: 683,987 shares
 - 3) The average number of shares during the period:
 Nine months ended June 30, 2023: 44,035,418 shares
 Nine months ended June 30, 2022: 43,676,568 shares

The Company has a trust-type employee shareholding incentive plan in place. The total number of treasury shares at the end of the period 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): – shares at the end of the nine months ended June 30, 2023; and 43,400 shares at the end of the fiscal year ended September 30, 2022. 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 the same plan by The Nomura Trust & Banking Co., Ltd. (the dedicated trust account for Gakken Employees' Shareholding Association): 6,660 shares at the end of the nine months ended June 30, 2023; and 269,030 shares at the end of the nine months ended June 30, 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 7 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

The education industry is feeling the effects of the decline in Japan's birthrate, but it sees new demand created by changes in social conditions, such as the increase in dual-income households and the greater mobility of human resources. These changes have also been reflected in the Basic Policy on Economic and Fiscal Management and Reform and the "countermeasures of another dimension" against Japan's low birth rate, two of the Japanese government's major policies, and it is hoped that these will provide a boost to the market's expansion. There are three particularly remarkable trends in the industry.

The first of these trends is the increase in expenditure on study outside school. Even amid soaring commodity prices, education spending is increasing in specific areas. Preparation for entrance exams is starting earlier, and demand for toddler education and after-school care requirements are expanding, particularly in the Tokyo metropolitan area.

The second trend is digital transformation (DX), which enables access to learners beyond the barriers of school, home and learning centers. In schools, the content built into the devices distributed through the GIGA (Global and Innovation Gateway for All) School Program is being improved, and outside schools, private business operators such as learning centers are focusing their efforts on developing online courses and digital learning materials.

The third trend is the growing demand for reskilling. With the labor shortages and progression in digital disruption in many industries, demand for education for working adults targeting both businesses and individuals is growing. The promotion of reskilling was also included in the Basic Policy on Economic and Fiscal Management and Reform compiled in June this year, with the announcement of a new program to provide subsidies of up to 240,000 yen per person. There are hopes that these moves will create new growth areas and trigger the reinvigoration of the education market as a whole.

In the elderly care industry, demand continues to expand, with the number of elderly people aged 65 years and over reaching a record-high 36.23 million, accounting for 29.0% of the entire Japanese population. Moreover, based on estimates that one in five of Japan's elderly population, approximately 7 million people, will have dementia in 2025, the Basic Act on Dementia to Promote an Inclusive Society was passed in June this year with the aim of realizing an inclusive society in which people with dementia can retain their dignity while being respected as members of society.

In addition to setting forth the responsibilities of the national and local governments and a policy to promote measures for dementia, this act also has an important position in building a mutually-supportive environment in which society as a whole is attentive toward dementia, including the clear statement of principles such as deepening the public's correct knowledge and understanding of dementia in order to promote a more inclusive society. It also includes provisions for the promotion of scientific research on prevention, diagnosis and treatment of dementia and the establishment of an environment in which the public can enjoy the results of that research, prompting hopes for the further expansion of demand for dementia prevention and treatment.

In terms of the business environment, rises in utility prices have settled down to an extent thanks to measures to alleviate sudden fluctuations in electricity and gas prices, but the power companies have announced price increases of 14-42% from June, and the situation remains unpredictable. Prices of food and daily essentials also continue to soar, and this is having a major impact on the business environment of individual business operators. With respect to new facility openings as well, investors are being forced to be cautious in their decisions, and in some cases, operators are postponing the opening of new facilities due to construction costs remaining high.

2) Explanation of business results

Under the market conditions described above, consolidated net sales for the nine months ended June 30, 2023 amounted to ¥119,361 million (up 2.0% year on year), operating profit was ¥ 3,307 million (down ¥ 1,477 million or 30.9% year on year), ordinary profit was ¥3,486 million (down ¥1,523 million or 30.4% year on year),

and profit attributable to owners of parent was ¥1,153 million (down ¥1,693 million or 59.5% year on year).

In the Educational Domain, sluggish sales, deteriorating rates of goods returned unsold, and rising costs, mainly in the publishing industry, resulted in declines in revenue and profit. Although the “Chikyu-no-Arukikata” and e-learning businesses continued to perform well, sales in other genres, including children’s books, study-aid books, and learning materials for learning centers, deteriorated compared with the previous year, pushing down revenue in the Educational Domain.

In the Healthcare and nursing Domain, despite the reactionary decline from the one-off revenue from the sale of real estate of the previous fiscal year and the impact of soaring utilities and 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 recorded a slight drop in profit due to increases in personnel costs and spending on new business development, despite strong utilization rates at nursery schools.

Due to the widening gap between the consolidated business results for the nine months ended June 30, 2023 described above and the plan resulting from the declines in revenue and profit in the educational business, the Company has revised its forecasts for the fiscal year ending September 30, 2023 as described on Page 7.

Classification of the Group’s products and services is as follows:

Educational Domain	Classroom and learning center business	Operation of Gakken Classroom for a range of children from preschoolers to junior high school students (mainly elementary school students)
		Operation of classes for toddlers and children
		Operation of learning centers for a range of children from elementary school students to senior high school students
	Publishing and content business	Publishing and sale of publications including children’s books, study-aid books, and how-to guides through distributors and bookstores
		Development and sale of learning materials for learning centers
		Publishing and sale of books on nursing and medicine, sale of e-learning for training programs targeting nurses
		Development and sale of digital content linked with publishing and educational toys
	Kindergarten and school business	Production and sale of publications, child-care products, equipment, and playground equipment for kindergartens, nursery schools, and children’s daycare centers, as well as clothing for teachers
		Production and sale of textbooks, instruction guides for teachers, supplementals, ICT learning materials, special needs education materials, short essay exams, etc.
		Operation of recruitment support services and corporate training programs
Healthcare and nursing Domain	Elderly housing business	Planning, development, and operation of serviced apartments for the elderly, bases for elderly care services, etc.
	Group homes for the elderly with dementia business	Planning, development, and operation of various services including group homes for the elderly with dementia
	Child raising support business	Planning, development, and operation of nursery schools, children’s daycare centers, afterschool children’s clubs, etc.

Business performance by segment is summarized below.

(Million yen)

	Nine months ended June 30, 2022		Nine months ended June 30, 2023		Change	
Reportable segments	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Educational Domain	59,332	3,287	57,268	1,956	(2,063)	(1,331)
Healthcare and nursing Domain	53,401	2,251	57,721	2,451	4,320	200
Other	4,278	615	4,371	334	93	(280)
Adjustment	—	(1,369)	—	(1,434)	—	(64)
Group total	117,011	4,785	119,361	3,307	2,350	(1,477)

[Educational Domain]

Net sales: ¥57,268 million (down 3.5% year on year); operating profit: ¥1,956 million (down ¥1,331 million or 40.5% year on year)

(Million yen)

	Nine months ended June 30, 2022		Nine months ended June 30, 2023		Change	
Main businesses	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Classroom and learning center business	23,121	557	22,384	106	(737)	(450)
Publishing and content business	24,640	2,498	23,802	1,802	(837)	(695)
Kindergarten and school business	11,570	465	11,081	162	(488)	(303)
Goodwill	—	(233)	—	(115)	—	118
Segment total	59,332	3,287	57,268	1,956	(2,063)	(1,331)

(Classroom and learning center business)

In the classroom business, revenue growth was sluggish due to poor performance in attracting new students for the new school year for Gakken Classrooms and toddler classes, resulting in declines in revenue and profit for the period under review. Amid the continued fall in the number of toddlers and children, Gakken Classroom Online, Kotoba Park, and other online services were launched, and demand for digital services is expanding.

In the learning center business, revenue and profit both decreased from the same period of the previous fiscal year. Although COVID-19's status under the Infectious Diseases Act was downgraded to Class 5 on May 8, the timing in which elementary and junior high school children started attending learning centers was later than usual, and the poor performance in attracting students for the new school year was the main cause of decline in revenue and profit. On the other hand, business of support for solutions to local governments' educational issues and overseas learning centers targeting Japanese children living outside Japan maintained strong results.

(Publishing and content business)

In publishing, sales of children's books, study-aid books, and learning materials for learning centers have been weak since autumn last year, resulting in the business overall recording a decrease in both revenue and profit for the period under review. The "Chikyu-no-Arukikata" book series maintained its strong performance, and signs of recovery were seen in the new semester sales season, but a rise in the rate of products returned unsold and sluggish growth in children's books, combined with soaring paper prices, pushed down profit.

In the medical and nursing business, sales of printed books and e-books at online bookstores are growing. The number of hospitals subscribing to e-learning programs for nurses reached 2,577 (an increase of 293 hospitals from the previous year), helping to push up revenue, but increases in the costs of new content

development and other factors resulted in an increase in revenue and decrease in profit for the business overall.

In businesses other than publishing, a trend toward recovery in school use of the Tokyo Global Gateway, an experience-based English learning facility, secured an increase in revenue. Profit also increased despite increases in new facility opening costs and new program development costs. The toy business recorded decreases in revenue and profit due to the combination of cost increases and the depreciation of the yen. The “Kimini” online English conversation business reported significant increases in revenue and profit due to an increase in the number of users and price increases, resulting in increases in revenue and profit for businesses other than publishing overall.

(Kindergarten and school business)

In toddler education, both revenue and profit decreased. Poor sales of high-margin apparel items, including teacher’s aprons, as well as the sluggish growth of sales of large play equipment and fittings associated with the decline in the number of new nursery school openings pushed down revenue. On the other hand, measures to increase sales of the “Tsunagaru (Making Connections) Picture books” series for kindergartens, which is one of this business’s core offerings, have been continuing in the beginning of the new school year, and good progress is being made.

In school education, although sales of supplementals and materials for mock short essay exams, etc. were strong, because the period under review was in the transition period for the adoption of new elementary and junior high school textbooks, sales of which are the foundation of this business’s profits, there were no sales of instruction guides for teachers, and overall, both revenue and profit decreased.

In working adult education, the Company is developing a recruitment support business and a training business targeting listed companies that are investing in human capital. Although the Company is working to develop content to meet the rapid expansion of demand, this has not yet led to an increase in customers, and both revenue and profit decreased.

[Healthcare and nursing Domain]

Net sales: ¥57,721 million (up 8.1% year on year); operating profit: ¥2,451 million (up ¥200 million or 8.9% year on year)

*The utilities costs has been estimated at ¥2,628 million (up ¥623 million year on year, compared with existing facilities, adding serviced apartments for the elderly and group homes for the elderly with dementia together).

(Million yen)

	Nine months ended June 30, 2022		Nine months ended June 30, 2023		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Main businesses						
Elderly housing business	23,718	939	26,527	984	2,809	44
Group homes for the elderly with dementia business	25,373	1,528	26,549	1,722	1,176	193
Child raising support business	4,309	130	4,644	92	335	(37)
Goodwill	—	(347)	—	(347)	—	(0)
Segment total	53,401	2,251	57,721	2,451	4,320	200

(Elderly housing business)

In serviced apartments for the elderly, three new facilities were opened in the third quarter of the fiscal year, bringing the total number of sites to 199 including franchise locations. The total number of rooms topped 10,000 to reach 10,258. Although there were some impacts from the external environment, such as protracted construction periods caused by labor shortages and construction costs remaining high, the Company continues to actively promote the opening of new facilities. Occupancy rates remain at a high level, reaching a record-high 95.6% (up 1.1 percentage point year on year), even with the active opening of new facilities. Although there were factors that placed pressure on revenue due to the soaring cost of living, including utilities and food costs, higher utilities were generally absorbed by the introduction of extra contributions from customers, receipt of subsidies, and the reduction of other inessential expenses. In addition, with the receipt of COVID-19-related subsidies mostly completed, increases in revenue and profit were achieved for the period under review.

(Group homes for the elderly with dementia business)

In group homes for the elderly with dementia, five new facilities were opened in the third quarter of the fiscal year, bringing the total number of facilities to 303, with a total of 5,786 rooms. The Company is actively proceeding with the takeover of facilities through M&As, and, having opened 11 new facilities in the first nine months of the year, is making good progress in its plans to open 12 to 15 new locations for the full fiscal year. The occupancy rate has also remained high and stable at around 97%, sustaining an upward trend in revenue. Although this business has been impacted by soaring prices of utilities, food, and the like, price revisions and cost control have ensured profit, and both revenue and profit increased.

(Child raising support business)

In the child raising support business, utilization rates at nursery schools reached 94.4% (an increase of 2.6 percentage points year on year) at the end of June, thanks in part to changes in quotas made in April, and good progress is being made to attract more children to these facilities. The afterschool children's club business is also progressing well, with new contracts for the operation of three facilities being won in April, resulting in a major increase in revenue. Profit fell slightly due to increases in personnel costs and new business development costs.

[Other]

Net sales: ¥4,371 million (up 2.2% year on year); operating profit: ¥334 million (down ¥280 million or 45.6% year on year)

With the announcement of ODA projects for emerging countries, which account for the majority of net sales in the global business, delayed until this autumn or later, there was a reactionary decline in the acquisition of new projects after a strong performance in the previous fiscal year. However, collaboration with partners in strategic locations such as Vietnam is progressing steadily. In the digital domain, this spring, Gakken LEAP Co., Ltd. began selling "Shikaku Pass," an online service that supports working adults in reskilling study. The "Other" business segment overall recorded an increase in revenue, helped by increases in orders in the logistics business, but increases in personnel and development costs related to the digital and global businesses led to a decline in profit.

(2) Explanation of Financial Position

(Million yen)

Item	As of September 30, 2022	As of June 30, 2023	Change
Current assets	61,700	61,902	202
Cash and deposits	22,520	21,090	(1,430)
Non-current assets	61,982	67,622	5,639
Total assets	123,682	129,524	5,842
Current liabilities	39,838	42,785	2,947
Non-current liabilities	34,955	36,513	1,558
Total liabilities	74,793	79,299	4,505
Interest-bearing debt*1	41,807	46,921	5,113
Total net assets	48,888	50,224	1,336
Total liabilities and net assets	123,682	129,524	5,842
Equity ratio (%)*2	39.2	38.3	(0.9)
D/E ratio (times)*3	0.86	0.94	0.08

*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 third quarter of the fiscal year ending September 30, 2023 amounted to ¥129,524 million, increasing by ¥5,842 million from the end of the preceding fiscal year. The main changes were a decrease of ¥1,430 million in cash and deposits, an increase of ¥959 million in notes and accounts receivable - trade, an increase of ¥146 million in merchandise and finished goods, a decrease of ¥226 million in property, plant and equipment, and an increase of ¥4,946 million in investment securities.

The total liabilities amounted to ¥79,299 million, increasing by ¥4,505 million from the end of the preceding fiscal year. The main changes were an increase of ¥406 million in notes and accounts payable - trade, an increase of ¥2,800 million in short-term borrowings, and an increase of ¥1,482 in long-term borrowings.

The total net assets amounted to ¥50,224 million, increasing by ¥1,336 million from the end of the preceding fiscal year. The main changes were an increase of ¥79 million in retained earnings and an increase of ¥1,122 million in valuation difference on available-for-sale securities.

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

Due to the widening gap between the consolidated business results for the nine months ended June 30, 2023 and the plan resulting from the declines in revenue and profit in the educational business, the Company has revised its forecasts for the fiscal year ending September 30, 2023 to net sales of ¥160,000 million, operating profit of ¥5,600 million, ordinary profit of ¥6,100 million, and profit attributable to owners of parent of ¥3,300 million.

The above forecasts are determined based on information currently available to the Company and include potential risks and uncertainties. The effects of Ichishin Holdings Co., Ltd., a firm that the Company made a consolidated subsidiary on July 28, 2023, have not been factored in, as the Company is examining the effects.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	22,520	21,090
Notes and accounts receivable - trade	21,064	22,024
Merchandise and finished goods	9,929	10,075
Real estate for sale	—	386
Work in process	3,234	2,484
Raw materials and supplies	198	126
Other	4,764	5,725
Allowance for doubtful accounts	(12)	(10)
Total current assets	61,700	61,902
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,012	12,900
Machinery, equipment and vehicles, net	47	36
Land	4,227	4,298
Construction in progress	197	0
Other, net	815	837
Total property, plant and equipment	18,300	18,073
Intangible assets		
Goodwill	6,185	6,920
Other	2,724	2,843
Total intangible assets	8,910	9,763
Investments and other assets		
Investment securities	23,115	28,062
Other	11,823	11,905
Allowance for doubtful accounts	(167)	(183)
Total investments and other assets	34,771	39,784
Total non-current assets	61,982	67,622
Total assets	123,682	129,524

	As of September 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,103	7,509
Short-term borrowings	12,247	15,047
Current portion of long-term borrowings	3,570	4,434
Income taxes payable	1,917	259
Provision for bonuses	2,006	1,428
Other	12,994	14,106
Total current liabilities	39,838	42,785
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	19,548	21,031
Retirement benefit liability	3,370	3,404
Other	6,036	6,078
Total non-current liabilities	34,955	36,513
Total liabilities	74,793	79,299
Net assets		
Shareholders' equity		
Share capital	19,817	19,817
Capital surplus	12,333	12,357
Retained earnings	15,313	15,393
Treasury shares	(439)	(322)
Total shareholders' equity	47,025	47,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	1,734
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	156	143
Remeasurements of defined benefit plans	646	542
Total accumulated other comprehensive income	1,413	2,420
Share acquisition rights	255	234
Non-controlling interests	193	324
Total net assets	48,888	50,224
Total liabilities and net assets	123,682	129,524

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Million yen)

	For the nine months ended June 30, 2022	For the nine months ended June 30, 2023
Net sales	117,011	119,361
Cost of sales	82,713	85,604
Gross profit	34,298	33,757
Selling, general and administrative expenses	29,512	30,449
Operating profit	4,785	3,307
Non-operating income		
Interest income	10	12
Dividend income	190	171
Share of profit of entities accounted for using equity method	56	167
Other	255	175
Total non-operating income	511	526
Non-operating expenses		
Interest expenses	131	145
Foreign exchange losses	—	71
Other	155	131
Total non-operating expenses	286	348
Ordinary profit	5,010	3,486
Extraordinary income		
Gain on sale of non-current assets	18	4
Gain on sale of investment securities	121	117
Other	18	16
Total extraordinary income	158	137
Extraordinary losses		
Loss on sale and retirement of non-current assets	64	2
Impairment losses	0	3
Loss on valuation of investment securities	18	682
Other	55	98
Total extraordinary losses	139	786
Profit before income taxes	5,029	2,837
Income taxes	2,164	1,543
Profit	2,865	1,293
Profit attributable to non-controlling interests	18	140
Profit attributable to owners of parent	2,847	1,153

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended June 30, 2022	For the nine months ended June 30, 2023
Profit	2,865	1,293
Other comprehensive income		
Valuation difference on available-for-sale securities	(630)	1,130
Foreign currency translation adjustment	85	(14)
Remeasurements of defined benefit plans, net of tax	(150)	(112)
Share of other comprehensive income of entities accounted for using equity method	23	(0)
Total other comprehensive income	(672)	1,003
Comprehensive income	2,193	2,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,168	2,160
Comprehensive income attributable to non-controlling interests	24	136

(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 nine months ended June, 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 third quarter ended June 30, 2023, and multiplying the profit before income taxes by this estimated effective tax rate.

(Changes in Accounting Policies)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance” is applied from the beginning of the first quarter of the fiscal year ending September 30, 2023. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policy stipulated in the Fair Value Measurement Guidance is applied prospectively. This does not impact the quarterly consolidated financial statements.

(Segment Information, etc.)

I For the nine months ended June 30, 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
	Educational Domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	59,332	53,401	112,733	4,278	117,011	—	117,011
Inter-segment net sales or transfers	197	43	240	6,150	6,390	(6,390)	—
Total	59,529	53,444	112,973	10,428	123,402	(6,390)	117,011
Segment profit	3,287	2,251	5,539	615	6,155	(1,369)	4,785

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥1,369 million for “Segment profit” includes negative ¥1,365 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 nine months ended June 30, 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
	Educational Domain	Healthcare and nursing Domain	Total				
Net sales							
Net sales to external customers	57,268	57,721	114,990	4,371	119,361	—	119,361
Inter-segment net sales or transfers	174	60	235	7,040	7,275	(7,275)	—
Total	57,443	57,782	115,225	11,411	126,637	(7,275)	119,361
Segment profit	1,956	2,451	4,408	334	4,742	(1,434)	3,307

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative ¥1,434 million for “Segment profit” includes negative ¥1,440 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.