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Consolidated Financial Results for the Nine Months Ended June 30, 2025 [Under Japanese GAAP]



August 8, 2025

Company name: Gakken Holdings Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 9470
 URL: <https://www.gakken.co.jp/>
 Representative: Hiroaki Miyahara, President, Representative Director
 Contact: Kenta Kondo, General Manager of Financial Strategy Office
 Phone: +81-3-6431-1050
 Scheduled date of commencing dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended June 30, 2025 (October 1, 2024 to June 30, 2025)

(1) Consolidated Operating Results(cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------------|-------------|------|------------------|-------|-----------------|-------|---|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended June 30, 2025 | 146,736 | 6.2 | 5,127 | (0.6) | 4,734 | (7.5) | 2,738 | 46.4 |
| June 30, 2024 | 138,151 | 15.7 | 5,159 | 56.0 | 5,119 | 46.8 | 1,870 | 62.2 |

(Note) Comprehensive income: Nine months ended June 30, 2025: 3,083 million yen [39.1%]

Nine months ended June 30, 2024: 2,216 million yen [(3.5)%]

| | Profit per share | Diluted profit per share |
|---------------------------------|------------------|--------------------------|
| | yen | yen |
| Nine months ended June 30, 2025 | 65.74 | 65.37 |
| June 30, 2024 | 43.72 | 43.39 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2025 | 138,983 | 56,384 | 37.3 |
| As of September 30, 2024 | 130,714 | 53,653 | 39.4 |

(Reference) Equity: As of June 30, 2025: 51,806 million yen

As of September 30, 2024: 51,473 million yen

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, 2024 | — | 12.50 | — | 12.50 | 25.00 |
| Fiscal year ending September 30, 2025 | — | 13.00 | | | |
| Fiscal year ending September 30, 2025 (Forecast) | | | — | 13.00 | 26.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(% 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 |
| | 200,000 | 7.8 | 7,000 | 1.7 | 7,200 | 4.3 | 3,500 | 54.8 | 84.02 |

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

None

* Notes:

(1) Significant changes in scope of consolidation during the period: Yes

Newly added: 1 (Name) DTP Education Solutions JSC 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: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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, 2025: 44,633,232 shares

September 30, 2024: 44,633,232 shares

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

June 30, 2025: 3,217,266 shares

September 30, 2024: 2,410,576 shares

3) The average number of shares during the period:

Nine months ended June 30, 2025: 41,655,195 shares

Nine months ended June 30, 2024: 42,796,528 shares

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

* Notes on proper use of financial results forecasts and special matters

(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 6 of the Attachments.

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

(1) Explanation of Business Results

In the domestic economy, the rising prices of essential goods such as food and utilities have increased the financial burden on households. While households become more cost-conscious, the Education domain is set to receive a boost with the introduction of the "High School Tuition Support Fund" starting in April 2025. This fund, which provides a uniform annual amount of 118,800 yen per student without income restrictions for public high schools nationwide. Additionally, income restrictions are expected to be lifted for private high school tuition support. We expect these initiatives will bring about qualitative changes in consumption behavior related to education.

On the other hand, in the Healthcare and Nursing domain, the demand for services continues to rise while securing personnel has become increasingly difficult. Furthermore, the impact of rising prices, including food and utility costs, has led to a trend of increased bankruptcies and business closures, particularly among small businesses.

Under the market conditions described above, consolidated results for the first nine months of the current fiscal year were as follows: net sales of 146,736 million yen (up 6.2% YoY), operating profit of 5,127 million yen (down 0.6% YoY), ordinary profit of 4,734 million yen (down 7.5% YoY), and profit attributable to owners of parent of 2,738 million yen (up 46.4% YoY).

Net sales increased by 8,585 million yen YoY mainly with the acquisition of Kiriara Shoten K.K., expansion in the Publishing business, growth in the Workforce development and Language learning business, and an increase in the number of facilities and the maintenance of high occupancy rates in the Healthcare and Nursing domain, along with the consolidation of DTP Education Solutions JSC (hereafter referred to as DTP).

Operating profit decreased by 31 million yen YoY. Although profits increased with the effects of price revisions in the Education domain, profits decreased due to rising costs of utilities and food in the Healthcare and Nursing domain, even though revenue was maintained.

Ordinary profit decreased by 385 million yen YoY due to the decline in operating profit and deterioration of equity in earnings of affiliates.

Net profit attributable to shareholders of the parent company increased by 867 million yen YoY, due to the absence of stock sale losses recorded in the first quarter of the previous year and the recognition of gains from the step acquisition related to the consolidation of DTP.

Business performance by segment is summarized below.

(Million yen)

| | Nine months ended June 30, 2024 | | Nine months ended June 30, 2025 | | Change | |
|-------------------------------|------------------------------------|------------------|------------------------------------|------------------|-----------|------------------|
| Reportable segments | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| Education domain | 69,140 | 2,918 | 71,529 | 3,753 | 2,388 | 835 |
| Healthcare and nursing domain | 64,368 | 3,166 | 70,267 | 2,637 | 5,898 | (528) |
| Other | 4,641 | 417 | 4,939 | 296 | 297 | (120) |
| Adjustment | — | (1,342) | — | (1,560) | — | (217) |
| Group total | 138,151 | 5,159 | 146,736 | 5,127 | 8,585 | (31) |

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

| Reporting segment | Large classification | Medium classification | Individual business (small classification) |
|-------------------------------|--|--|--|
| Education domain | Classroom and Learning center 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 |
| | | | Sale of corporate training contents and services |
| | 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, Design of facilities and equipment |
| | | School business | Planning, production, and sale of textbooks, instruction guides for teachers, supplemental, digital learning materials, special needs education materials, and short essay tutoring services |
| Healthcare and nursing domain | Elderly housing business | | Planning, development, and operation of bases for elderly care services, mainly serviced apartments for the elderly |
| | 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 program, 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 |

[Education domain]

Net sales: 71,529 million yen (up 3.5% YoY) / Operating profit: 3,753 million yen (up 835 million yen, 28.6% YoY)
(Million yen)

| | Nine months ended June 30, 2024 | | Nine months ended June 30, 2025 | | Change | |
|---|------------------------------------|---------------------|------------------------------------|---------------------|-----------|---------------------|
| Main businesses | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| Classroom and Learning center business | 39,181 | 817 | 39,325 | 1,182 | 143 | 364 |
| Publishing and Content business | 19,474 | 1,561 | 20,483 | 2,167 | 1,009 | 606 |
| Kindergarten and School business | 10,484 | 852 | 11,720 | 711 | 1,235 | (141) |
| Goodwill | — | (313) | — | (308) | — | 5 |
| Segment total | 69,140 | 2,918 | 71,529 | 3,753 | 2,388 | 835 |

(Classroom and Learning center business)

Net sales: 39,325 million yen (up 0.4% YoY) / Operating profit: 1,182 million yen (up 364 million yen, 44.6% YoY)

Net sales increased driven by Ichishin Holdings Co., Ltd.'s business expansion in the entrance exam preparation in the Tokyo metropolitan areas. Growth of sales of study-aid books for cram schools, which increased due to junior high school textbook revisions, and tuition revisions in the classroom business implemented in April 2025 also contributed to overall sales growth.

Operating profit increased with the effects of the price revision, as well as contributions from cost efficiency improvement activities in the Classroom business, and the growth in sales of study-aid books for cram schools.

(Publishing and Content business)

Net sales: 20,483 million yen (up 5.2% YoY) / Operating profit: 2,167 million yen (up 606 million yen, 38.8% YoY)

Net sales increased overall due to the continued strong performance of high school study-aid books, Language learning books and Practical guides books in the Publishing business. Additionally, the increase in the number of participants in the online English conversation service "Kimini" and the growth in the number of contracted hospitals for e-learning aimed at nurses in the Workforce development and Language learning business contributed to this growth.

Operating profit increased with the revenue growth in the Publishing business, along with the expansion of the high-margin digital content business.

(Kindergarten and school business)

Net sales: 11,720 million yen (up 11.8% YoY) / Operating profit: 711 million yen (down 141 million yen, 16.6% YoY)

Net sales increased with the integration of Kiriara Shoten K.K., despite continued decline in the Kindergarten business due to decline in the number of preschool-age population and nursery schools, as well as the number of children enrolled.

Operating profit decreased due to the pullback following last year's growth associated with the revision of elementary school textbooks, despite ongoing efforts to reduce costs in the Kindergarten and school business.

[Healthcare and nursing domain]

Net sales: 70,267 million yen (up 9.2% YoY) / Operating profit: 2,637 million yen (down 528 million yen, 16.7% YoY)
(Million yen)

| | Nine months ended June 30, 2024 | | Nine months ended June 30, 2025 | | Change | |
|--|------------------------------------|------------------|------------------------------------|------------------|-----------|------------------|
| Main businesses | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| Elderly housing business | 30,895 | 1,653 | 34,182 | 1,334 | 3,287 | (318) |
| Group homes for the elderly with dementia business | 28,225 | 1,757 | 30,014 | 1,578 | 1,788 | (179) |
| Child raising support business | 5,247 | 195 | 6,070 | 206 | 823 | 11 |
| Goodwill | — | (440) | — | (481) | — | (41) |
| Segment total | 64,368 | 3,166 | 70,267 | 2,637 | 5,898 | (528) |

(Elderly housing business)

Net sales: 34,182 million yen (up 10.6% YoY) / Operating profit: 1,334 million yen (down 318 million yen, 19.3% YoY)

Net sales continued to grow in the Elderly housing business with stable high occupancy rates and the expansion of new openings. In addition to maintaining of high occupancy rates, initiatives taken to reduce impact from soaring construction costs – such as increasing the number of units per newly opened facilities – allowed for steady growth of opening of newly facilities.

Operating profit decreased due to the rising costs of foodstuffs, utilities, and labor. However, with the price revisions implemented from March 2025 and cost reduction efforts to improve operational efficiency, in comparison to the previous year, allowed for increase in profit of 175 million yen compared with the same quarter (Q3) of the previous year, indicating performance recovery trend from the second half of the fiscal year.

(Group homes for the elderly with dementia business)

Net sales: 30,014 million yen (up 6.3% YoY) / Operating profit: 1,578 million yen (down 179 million yen, 10.2% YoY)

Net sales continued to increase due to the growth in the number of facilities and maintaining a high occupancy rate. Despite the challenging environment for new openings due to rising construction costs, we are steadily increasing new facility openings – in the third quarter, we opened one new facility and acquired two existing facilities.

Operating profit decreased due to the rising costs of utilities, foodstuffs, and labor. Price revisions to cover for the increase in costs are gradually being implemented from February 2025, and revisions planned for this year have generally been completed by the end of the third quarter. Along with the company-wide cost reduction measures being pursued in parallel, there was an increase in profit of 110 million yen compared with the same quarter (Q3) of the previous year, indicating performance recovery trend from the second half of the fiscal year.

(Child raising support business)

Net sales: 6,070 million yen (up 15.7% YoY) / Operating profit: 206 million yen (up 11 million yen, 5.7% YoY)

Facility expansion is being underway primarily in the Tokyo metropolitan area targeting dual-income households and households requiring individual support. In the third quarter, 10 new afterschool program facilities and child development support centers were opened.

Sales increased due to the continued high occupancy rate of nursery schools, along with the stable operation of afterschool programs and child development support facilities.

Operating profit also increased due to the rise in the number of enrolled preschool children and the promotion of operational efficiency initiatives.

[Other business domain]

Net sales: 4,939 million yen (up 6.4% YoY) / Operating profit: 296 million yen (down 120 million yen, 28.8% YoY)

In other business domain, net sales increased with the consolidation of DTP as a wholly-owned subsidiary in the global business.

Although DTP contributed to net sales, operating profit decreased due to increased expenditures related to the strengthening of the organizational structure and investment activities in the global sector.

(2) Overview of Financial Position

The Company's consolidated financial position under review is summarized below.

(Million yen)

| Item | As of September 30, 2024 | As of June 30, 2025 | Change |
|-------------------------------------|--------------------------|---------------------|---------|
| Current assets | 63,112 | 72,713 | 9,601 |
| Cash and deposits | 20,385 | 24,861 | 4,475 |
| Non-current assets | 67,602 | 66,269 | (1,332) |
| Total assets | 130,714 | 138,983 | 8,268 |
| Current liabilities | 43,187 | 45,836 | 2,648 |
| Non-current liabilities | 33,873 | 36,762 | 2,888 |
| Total liabilities | 77,061 | 82,598 | 5,537 |
| Interest-bearing debt* ¹ | 38,353 | 41,606 | 3,252 |
| Total net assets | 53,653 | 56,384 | 2,731 |
| Total liabilities and net assets | 130,714 | 138,983 | 8,268 |
| Equity ratio (%)* ² | 39.4 | 37.3 | (2.1) |
| D/E ratio (times)* ³ | 0.75 | 0.80 | 0.05 |

*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 as of the third quarter of the fiscal year ending September 30, 2025 amounted to 138,983 million yen, increasing by 8,268 million yen from the end of the preceding fiscal year. The main changes were an increase of 4,475 million yen in cash and deposits, an increase of 2,337 million yen in notes and account receivable, an increase of 1,433 million yen in merchandise and finished goods, a decrease of 4,024 million yen in property, plant and equipment, an increase of 4,205 million yen in intangible assets, and a decrease of 1,731 million yen in investment securities.

The total liabilities amounted to 82,598 million yen, increasing by 5,537 million yen from the end of the preceding fiscal year. The main changes were an increase of 1,531 million yen in notes and accounts payable, an increase of 5,790 million yen in short-term borrowings, and a decrease of 4,891 million yen in long-term borrowings.

The total net assets amounted to 56,384 million yen, increasing by 2,731 million yen from the end of the preceding fiscal year. The main changes were a decrease of 747 million yen of in capital surplus, an increase of 1,672 million yen in retained earnings, and an increase of 2,429 million yen in non-controlling interests.

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

There is no change from the consolidated earnings forecast announced on November 8, 2024.

| | Consolidated Financial Results for the Fiscal Year Ending September 30, 2024 | | Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 | | Changes |
|---|--|-------------|---|-------------|----------|
| Net Sales | 185,566 | million yen | 200,000 | million yen | + 7.8 % |
| Operating Profit | 6,880 | million yen | 7,000 | million yen | + 1.7 % |
| Ordinary Profit | 6,903 | million yen | 7,200 | million yen | + 4.3 % |
| Profit attributable to owners of parent | 2,260 | million yen | 3,500 | million yen | + 54.8 % |
| Profit per share | 52.99 | yen | 84.02 | yen | + 58.6 % |

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, 2024 | As of June 30, 2025 |
|--|--------------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,385 | 24,861 |
| Notes and accounts receivable - trade | 23,156 | 25,494 |
| Merchandise and finished goods | 9,245 | 10,679 |
| Real estate for sale | 837 | 929 |
| Work in process | 2,920 | 3,510 |
| Raw materials and supplies | 194 | 188 |
| Other | 6,405 | 7,108 |
| Allowance for doubtful accounts | (32) | (57) |
| Total current assets | 63,112 | 72,713 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 13,337 | 9,521 |
| Machinery, equipment and vehicles, net | 93 | 115 |
| Land | 4,975 | 4,581 |
| Construction in progress | 14 | 10 |
| Other, net | 1,532 | 1,700 |
| Total property, plant and equipment | 19,953 | 15,928 |
| Intangible assets | | |
| Goodwill | 9,792 | 9,985 |
| Other | 3,522 | 7,534 |
| Total intangible assets | 13,314 | 17,519 |
| Investments and other assets | | |
| Investment securities | 17,574 | 15,842 |
| Other | 16,945 | 17,305 |
| Allowance for doubtful accounts | (185) | (327) |
| Total investments and other assets | 34,334 | 32,821 |
| Total non-current assets | 67,602 | 66,269 |
| Total assets | 130,714 | 138,983 |

(Million yen)

| | As of September 30, 2024 | As of June 30, 2025 |
|---|--------------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 6,623 | 8,155 |
| Short-term borrowings | 4,447 | 10,237 |
| Current portion of bonds payable | 6,000 | — |
| Current portion of long-term borrowings | 5,291 | 6,592 |
| Income taxes payable | 1,542 | 825 |
| Provision for bonuses | 2,561 | 1,725 |
| Other | 16,720 | 18,300 |
| Total current liabilities | 43,187 | 45,836 |
| Non-current liabilities | | |
| Non-current portion of bonds payable | — | 7,000 |
| Long-term borrowings | 21,644 | 16,752 |
| Retirement benefit liability | 5,130 | 5,172 |
| Other | 7,099 | 7,837 |
| Total non-current liabilities | 33,873 | 36,762 |
| Total liabilities | 77,061 | 82,598 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 19,817 | 19,817 |
| Capital surplus | 12,102 | 11,354 |
| Retained earnings | 18,615 | 20,288 |
| Treasury shares | (2,187) | (3,029) |
| Total shareholders' equity | 48,348 | 48,430 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,624 | 2,147 |
| Deferred gains or losses on hedges | (0) | 0 |
| Foreign currency translation adjustment | 385 | 223 |
| Remeasurements of defined benefit plans | 1,115 | 1,003 |
| Total accumulated other comprehensive income | 3,125 | 3,376 |
| Share acquisition rights | 199 | 168 |
| Non-controlling interests | 1,980 | 4,409 |
| Total net assets | 53,653 | 56,384 |
| Total liabilities and net assets | 130,714 | 138,983 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Million yen)

| | For the Nine months ended June 30, 2024 | For the Nine months ended June 30, 2025 |
|---|--|--|
| Net sales | 138,151 | 146,736 |
| Cost of sales | 100,975 | 107,416 |
| Gross profit | 37,175 | 39,319 |
| Selling, general and administrative expenses | 32,015 | 34,191 |
| Operating profit | 5,159 | 5,127 |
| Non-operating profit | | |
| Interest income | 14 | 58 |
| Dividend income | 176 | 168 |
| Other | 241 | 140 |
| Total non-operating profit | 432 | 367 |
| Non-operating expenses | | |
| Interest expenses | 240 | 354 |
| Share of profit of entities accounted for using equity method | 29 | 110 |
| Other | 202 | 296 |
| Total non-operating profit | 472 | 760 |
| Ordinary profit | 5,119 | 4,734 |
| Extraordinary profit | | |
| Gain on sale of non-current assets | 0 | 179 |
| Gain on sale of investment securities | 452 | 8 |
| Gain on step acquisitions | — | 480 |
| Other | 121 | 70 |
| Total extraordinary profit | 575 | 738 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 190 | 135 |
| Impairment losses | 86 | 133 |
| Loss on sale of investment securities | 1,089 | 82 |
| Loss on valuation of investment securities | 269 | 244 |
| Other | 73 | 11 |
| Total extraordinary losses | 1,709 | 608 |
| Profit before income taxes | 3,985 | 4,864 |
| Income taxes | 2,018 | 2,068 |
| Profit | 1,966 | 2,795 |
| Profit attributable to non-controlling interests | 96 | 57 |
| Profit attributable to owners of parent | 1,870 | 2,738 |

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

| | For the Nine months ended June 30, 2024 | For the Nine months ended June 30, 2025 |
|--|--|--|
| Profit | 1,966 | 2,795 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 371 | 668 |
| Deferred gains or losses on hedges | 2 | 2 |
| Foreign currency translation adjustment | 17 | (246) |
| Remeasurements of defined benefit plans, net of tax | (138) | (115) |
| Share of other comprehensive income of entities accounted for using equity method | (3) | (20) |
| Total other comprehensive income | 249 | 287 |
| Comprehensive income | 2,216 | 3,083 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,095 | 2,989 |
| Comprehensive income attributable to non-controlling interests | 121 | 94 |

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Change in Accounting Policy)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard of 2022”) and related accounting guidance from the beginning of the Nine months ended June 30, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies had no impact on the consolidated financial statements for the Nine months ended June 30, 2025 under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the Nine months ended June 30, 2025 under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first Nine months of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first nine months of the previous fiscal year or the entire previous fiscal year.

(Notes on 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, 2025, and multiplying the profit before income taxes by this estimated effective tax rate.

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

There is no relevant information.

(Notes on Quarterly Consolidated Statements of Cash Flows)

We have not prepared a quarterly consolidated statement of cash flows for the nine months ended June 30, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and Amortization of goodwill for the nine-month period are as follows.

| | Former 3rd Quarter Consolidated Cumulative Period (from October 1, 2023 to June 30, 2024) | Current 3rd Quarter Consolidated Cumulative Period (from October 1, 2024 to June 30, 2025) |
|--------------------------|---|--|
| Depreciation | 2,144 million yen | 2,336 million yen |
| Amortization of goodwill | 873 million yen | 924 million yen |

(Notes on Segment Information)

I. For the Nine months ended June 30, 2024 (October 1, 2023 to June 30, 2024)

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

(Million yen)

| | Reportable segment | | | Other (Note) 1 | Total | Adjustment (Notes) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|--------------------------------------|-----------------------|-------------------------------------|---------|-------------------|---------|-------------------------|--|
| | Educational Domain | Healthcare and nursing Domain | Total | | | | |
| Net sales | | | | | | | |
| Net sales to external customers | 69,140 | 64,368 | 133,509 | 4,641 | 138,151 | — | 138,151 |
| Inter-segment net sales or transfers | 180 | 56 | 236 | 6,367 | 6,604 | (6,604) | — |
| Total | 69,321 | 64,424 | 133,746 | 11,008 | 144,755 | (6,604) | 138,151 |
| Segment profit | 2,918 | 3,166 | 6,084 | 417 | 6,501 | (1,342) | 5,159 |

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative 1,342 million yen for “Segment profit” includes negative 1,347 million yen 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 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, 2025 (October 1, 2024 to June 30, 2025)

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

(Million yen)

| | Reportable segment | | | Other (Note) 1 | Total | Adjustment (Notes) 2 | Amount recorded in consolidated financial statements (Note) 3 |
|--------------------------------------|-----------------------|-------------------------------------|---------|-------------------|---------|-------------------------|--|
| | Educational Domain | Healthcare and nursing Domain | Total | | | | |
| Net sales | | | | | | | |
| Net sales to external customers | 71,529 | 70,267 | 141,797 | 4,939 | 146,736 | — | 146,736 |
| Inter-segment net sales or transfers | 202 | 69 | 271 | 5,939 | 6,211 | (6,211) | — |
| Total | 71,731 | 70,337 | 142,068 | 10,878 | 152,947 | (6,211) | 146,736 |
| Segment profit | 3,753 | 2,637 | 6,391 | 296 | 6,688 | (1,560) | 5,127 |

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative 1,560 million yen for “Segment profit” includes negative 1,557 million yen 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 consolidated statements of income.

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

There is no relevant information