Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending September 30, 2018
(Nine Months Ended June 30, 2018)

[Japanese GAAP]
August 10, 2018

Company name: Global Group Corp. Stock Exchange Listing: TSE (1st section)
Securities code: 6189 URL: http://www.globalg.co.jp
Representative: Yoshitada Ishibashi, Representative Director & CEO
Contact: Masaya Ikukawa, General Manager, Finance & Investor Relations Department
Telephone: +81-(0)3-3221-3770
Scheduled date of filing of Quarterly Report: August 13, 2018
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2018 (October 1, 2017 to June 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Jun. 30, 2018	12,631	32.7	392	28.8	1,658	25.0	879	23.3
Nine months ended Jun. 30, 2017	9,518	31.0	304	35.8	1,326	(31.1)	713	(35.4)

Note: Comprehensive income (million yen) Nine months ended Jun. 30, 2018: 925 (up 45.7%)
Nine months ended Jun. 30, 2017: 635 (down 42.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2018	99.20	96.07
Nine months ended Jun. 30, 2017	86.59	78.00

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	17,597	6,891	39.1
As of Sep. 30, 2017	13,952	5,924	42.5

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 6,872 As of Sep. 30, 2017: 5,924

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2017	-	0.00	-	0.00	0.00
Fiscal year ending Sep. 30, 2018	-	0.00	-		
Fiscal year ending Sep. 30, 2018 (forecast)				0.00	0.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	17,000	29.2	370	(9.1)	1,700	15.0	1,150	45.3	129.40

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued as of the end of the period (including treasury shares)

As of Jun. 30, 2018:	9,097,071 shares	As of Sep. 30, 2017:	8,695,360 shares

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

As of Jun. 30, 2018:	128 shares	As of Sep. 30, 2017:	128 shares

3) Average number of shares issued during the period

Nine months ended Jun. 30, 2018:	8,868,609 shares	Nine months ended Jun. 30, 2017:	8,242,172 shares

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending September 30, 2018 (hereinafter, "the period under review"), the Japanese economy continued a moderate recovery trend led by continued recoveries in corporate earnings and capital investments against a backdrop of economic and monetary policies by the government, along with some signs of a turnaround in consumer spending reflecting improvements in employment and income environments.

Regarding the situation surrounding a child-rearing support business in the environment above, both the central and local governments are implementing measures to secure childcare workers and develop nursery schools to expand childcare service capacity. The goal is to address greater demand for childcare services in the face of the increasing employment rate of female workers. Further, the government released the Relief Plan for Child Rearing in June 2017 with the aim of eliminating wait-listed children by creating capacity for a total of 320,000 children with 220,000 children by the end of fiscal 2020 and another 100,000 by the end of fiscal 2022. Thus, we expect that the number of nursery facilities will continue to expand.

Given the concern over Japan's declining workforce due to its aging population and a decrease in its total population, the development of a sound child-rearing environment is urgent in the course of promoting the women's social advancement to boost the economic vitality of our country. In this context, the child-rearing support service providers are playing an increasingly important social role.

Under such circumstances, Global Group Corp. (hereinafter, "the Company") and its consolidated subsidiaries (hereinafter collectively, "the Group") opened 17 new nursery schools as listed below during the third quarter as a result of our continued efforts to develop nursery facilities in Tokyo, Kanagawa, Saitama, and Osaka. The Group also acquired six Mebae Hoiku Room facilities due to the transfer agreement of the employer-sponsored nurseries business with Partner Agent, Inc.

Consequently, at the end of the period under review, the Group operates a total of 141 facilities: 69 central government licensed nursery schools in Tokyo, 20 in Kanagawa, three in Chiba, one in Saitama and four in Osaka; 25 local government licensed nursery schools or centers for early childhood education and care; seven employer-sponsored nurseries; and 12 after-school day care centers or children's houses.

Newly opened nursery schools:

Tokyo
- Global Kids Aizumicho
- Global Kids Nishi-Shinjuku
- Global Kids Unoki
- Global Kids Zoshiki
- Global Kids Hatagaya
- Global Kids Yoyogi-Uehara
- Global Kids Yoyogi-Hachiman
- Global Kids Shoan
- Global Kids Shiinamachi
- Global Kids Ikebukuro Ekimae
- Global Kids Chihaya
- Global Kids Funabori
- Global Kids Minami-Hanahata

Kanagawa
- Global Kids Koyasu Ekimae
- Global Kids Tsunashima SST

Saitama
- Global Kids Toda Ekimae

Osaka
- Global Kids Suminoe

Acquired nursery schools:

Tokyo

Mebae Hoiku Room Mitakadai
Mebae Hoiku Room Kameido
Mebae Hoiku Room Roka-Koen
Mebae Hoiku Room Chitose-Funabashi
Mebae Hoiku Room Yoga
Mebae Hoiku Room Kasuga

Meanwhile, as a result of our preparation for opening new facilities during the third quarter, we newly opened the following government licensed nursery school on August 1, 2018.

A nursery school:

Tokyo

Global Kids Minamisuna

The Group recognizes subsidy income as non-operating income when it receives municipal subsidies to cover part of capital expenditures (mainly for interior construction costs) to open new facilities. As opening of the Group's new nurseries concentrates in April and thus the recognition of subsidy income tends to be heavily skewed in the third quarter (from April 1 to June 30). For this reason, the Group reported a large amount of subsidy income for this quarter as a result of opening new nursery schools.

Consequently, the Group reported net sales for the period under review of 12,631 million yen (up 32.7% year-on-year) with operating profit of 392 million yen (up 28.8% year-on-year), ordinary profit of 1,658 million yen (up 25.0% year-on-year), and profit attributable to owners of parent of 879 million yen (up 23.3% year-on-year).

(2) Explanation of Financial Position

Assets

Total assets amounted to 17,597 million yen at the end of the third quarter, an increase of 3,644 million yen over the end of the previous fiscal year.

Current assets increased 1,474 million yen to 4,120 million yen. This was mainly attributable to an increase of 959 million yen in cash and deposits as a result of receiving subsidies on capital expenditures to open new facilities in April, and also an increase of 303 million yen in accounts receivable-other.

Non-current assets increased 2,170 million yen to 13,477 million yen. This was mainly attributable to an increase of 1,390 million yen in buildings and structures as a result of opening new nursery schools, and also an increase of 608 million yen in construction in progress to prepare for opening of new nursery schools in August 2018 and the next fiscal year.

Liabilities

Total liabilities amounted to 10,705 million yen at the end of the third quarter, an increase of 2,677 million yen over the end of the previous fiscal year.

Current liabilities increased 1,336 million yen to 3,809 million yen. This was mainly attributable to an increase of 753 million yen in accounts payable-other, and also an increase of 240 million yen in provision for bonuses due to the difference of the period for which the provision is recognized.

Non-current liabilities increased 1,341 million yen to 6,896 million yen. This was mainly attributable to an increase of 932 million yen in long-term loans payable.

Net assets

Net assets increased 967 million yen to 6,891 million yen at the end of the third quarter. This was mainly due to an increase of 879 million yen in retained earnings as a result of the booking of profit attributable to owners of parent.

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

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending September 30, 2018 announced on May 11, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	1,246	2,205
Accounts receivable-other	854	1,158
Prepaid expenses	318	413
Deferred tax assets	208	325
Other	17	17
Total current assets	2,645	4,120
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,113	9,504
Construction in progress	263	872
Other, net	411	503
Total property, plant and equipment	8,789	10,879
Intangible assets		
Software	22	20
Total intangible assets	22	20
Investments and other assets		
Investment securities	20	20
Long-term prepaid expenses	649	749
Lease and guarantee deposits	1,306	1,456
Construction assistance fund receivables	366	351
Deferred tax assets	12	-
Other	139	0
Total investments and other assets	2,495	2,577
Total non-current assets	11,307	13,477
Total assets	13,952	17,597
Liabilities		
Current liabilities		
Current portion of long-term loans payable	746	895
Current portion of bonds	35	35
Accounts payable-other	788	1,541
Income taxes payable	150	266
Advances received	157	277
Provision for bonuses	375	615
Other	218	176
Total current liabilities	2,472	3,809
Non-current liabilities		
Bonds payable	59	23
Long-term loans payable	3,325	4,258
Net defined benefit liability	153	145
Deferred tax liabilities	1,905	2,292
Other	111	176
Total non-current liabilities	5,555	6,896
Total liabilities	8,028	10,705

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	1,256	1,267
Deposit for subscriptions to shares	-	0
Capital surplus	1,944	1,955
Retained earnings	2,846	3,726
Treasury shares	(0)	(0)
Total shareholders' equity	6,047	6,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Remeasurements of defined benefit plans	(122)	(76)
Total accumulated other comprehensive income	(122)	(76)
Subscription rights to shares	-	19
Total net assets	5,924	6,891
Total liabilities and net assets	13,952	17,597

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(For the Nine-month Period)

(Millions of yen)

	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)	First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)
Net sales	9,518	12,631
Cost of sales	8,008	10,779
Gross profit	1,510	1,852
Selling, general and administrative expenses	1,205	1,459
Operating profit	304	392
Non-operating income		
Interest income	2	2
Subsidy income	1,493	1,668
Other	3	4
Total non-operating income	1,500	1,675
Non-operating expenses		
Interest expenses	24	25
Capital expenses	453	365
Other	1	17
Total non-operating expenses	479	409
Ordinary profit	1,326	1,658
Extraordinary losses		
Impairment loss	*1 228	*1 111
Loss on closing of nursery schools	-	*2 5
Total extraordinary losses	228	116
Profit before income taxes	1,097	1,541
Income taxes	383	661
Profit	713	879
Profit attributable to		
Profit attributable to owners of parent	713	879
Profit attributable to non-controlling interests	-	-
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Remeasurements of defined benefit plans, net of tax	(78)	45
Total other comprehensive income	(78)	45
Comprehensive income	635	925
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	635	925
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Quarterly Consolidated Statements of Income and Comprehensive Income

*1 Impairment loss

First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)

The Group reported impairment loss for the following asset group.

Purpose	Type	Location	Impairment loss (Millions of yen)
Facility (3 facilities)	Buildings and structures "Other" under property, plant and equipment	Kamagaya City, Chiba Prefecture, etc.	228

The Group's assets are grouped by facility as a basic unit, which is the smallest group of assets that generates cash inflows. The Group recognized an impairment loss (219 million yen for buildings and structures and 9 million yen for "Other" under property, plant and equipment) as an extraordinary loss resulting from writing down the carrying amount of facilities with deteriorating operating performance to their recoverable amount.

Their recoverable amount is measured based on value in use, which is determined to be zero as the future cash flows cannot be expected.

First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)

The Group reported impairment loss for the following group of assets.

Purpose	Type	Location	Impairment loss (Millions of yen)
Facility (3 facilities)	Buildings and structures "Other" under Property, plant and equipment	Osaka City, Osaka Prefecture, etc.	111

The Group's assets are grouped by facility as a basic unit, which is the smallest group of assets that generates cash inflows. The Group recognized an impairment loss (109 million yen for buildings and structures and 1 million yen for "Other" under property, plant and equipment) as an extraordinary loss resulting from closing the existing licensed facilities due to a license transition for licensed facilities involving relocation as well as writing down the carrying amount of facilities with deteriorating operating performance to their recoverable amount.

Their recoverable amount is measured based on value in use, which is determined to be zero as the future cash flows cannot be expected.

*2 Loss associated with the closing of facilities

As a result of closing the existing licensed facilities due to a license transition for licensed facilities involving relocation, the construction cost for restoration of 3 million yen and the rent after the closing of facilities of 1 million yen were posted as loss on closing nursery schools.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

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

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.