



Presentation Materials for the Earnings Briefing for the Fiscal Year Ended September 30, 2024

Global Kids Company Corp. November 14, 2024

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.

*The copyright on these materials belongs to Global Kids Company Corp., and the copying or quoting thereof for any purpose, without permission is strictly prohibited.

Highlights for FY9/24

Operating results for 4Q FY9/24

- Net sales decreased year on year due to the impact of the transfer and closing of facilities.
 - Net sales ¥6,258 million (down 4.3% year on year)
- EBITDA increased year on year due mainly to contributions of the optimization of personnel assignments, the transfer and closing of facilities, and a decrease in dispatching expenses.
 - EBITDA ¥364 million (up 4.1% year on year)

Operating results for FY9/24

- Net sales increased by 5.2% year on year due to contribution of the conversion of OHAYO KIDS CO., LTD. into a wholly-owned subsidiary for the full year.
 - Net sales ¥26,448 million (up 5.2% year on year)
- Profitability improved significantly from the third quarter, the new school year for childcare, due mainly to the optimization of personnel assignments, and the transfer and closing of unprofitable nursery schools and the conversion of OHAYO KIDS into a wholly-owned subsidiary contributed to a significant increase in EBITDA, leading to the achievement of a record high for the full year.
 - EBITDA ¥1,618 million (up 40.8% year on year)

Full year earnings forecast for FY9/25

- Net sales are expected to decrease slightly due to the impact of the transfer and closing of facilities. EBITDA is expected to increase by 8.1% year on year due to continued contributions from profitability improvement measures.
 - Net sales ¥25,800 million (down 2.5% year on year)
 - EBITDA ¥1,750 million (up 8.1% year on year)
 - Dividends ¥40 per share (up ¥5 year on year)

Contents

Overview of Results for the Fiscal Year Ended September 30, 2024 (FY9/24)	4
Forecast for the Fiscal Year Ending September 30, 2025 (FY9/25)	17
Review of Medium-Term Management Plan (2024)	19
Appendix	21



Overview of Results for the Fiscal Year Ended September 30, 2024 (FY9/24)

Results summary for FY9/24

Overview of consolidated operating results for FY9/24 (Millions of yen)

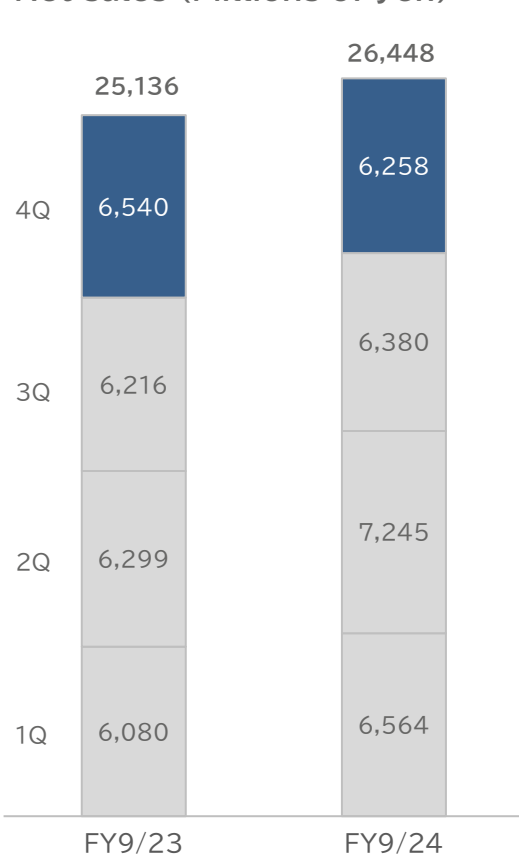
	FY9/23	Against net sales	FY9/24	Against net sales	YoY
Net sales	25,136	-	26,448	-	+5.2%
Gross profit	2,085	8.3%	2,665	10.1%	+27.8%
EBITDA	1,150	4.6%	1,618	6.1%	+40.8%
Operating profit	341	1.4%	789	3.0%	+131.6%
Ordinary profit	321	1.3%	820	3.1%	+155.7%
Profit attributable to owners of parent	-55	-0.2%	256	1.0%	-

Net Sales, Operating Profit, Profit Attributable to Owners of Parent

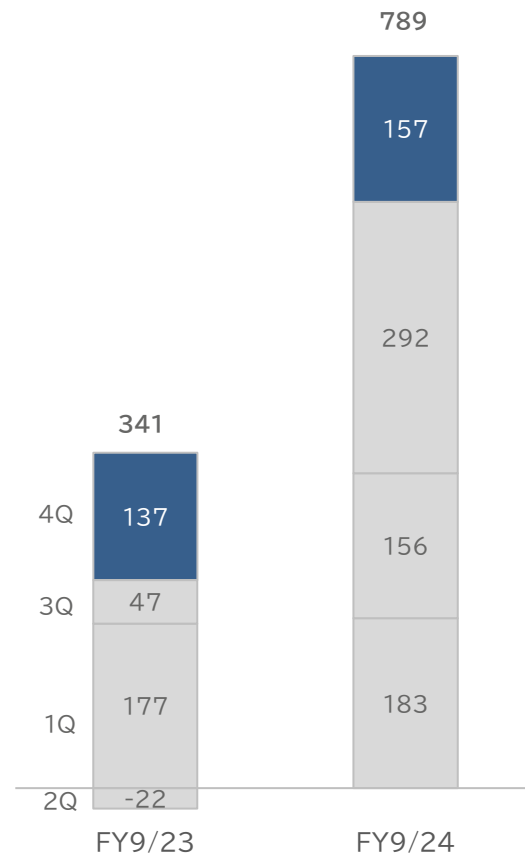
Regarding operating results for the fourth quarter, although net sales declined, operating profit rose 14.9% year on year. Profit attributable to owners of parent also increased 10.1% year on year.

Operating results for the full year showed increases in net sales and operating profit year on year. Operating profit increased 131.6% year on year to ¥789 million, 75.5% higher than the initial forecast.

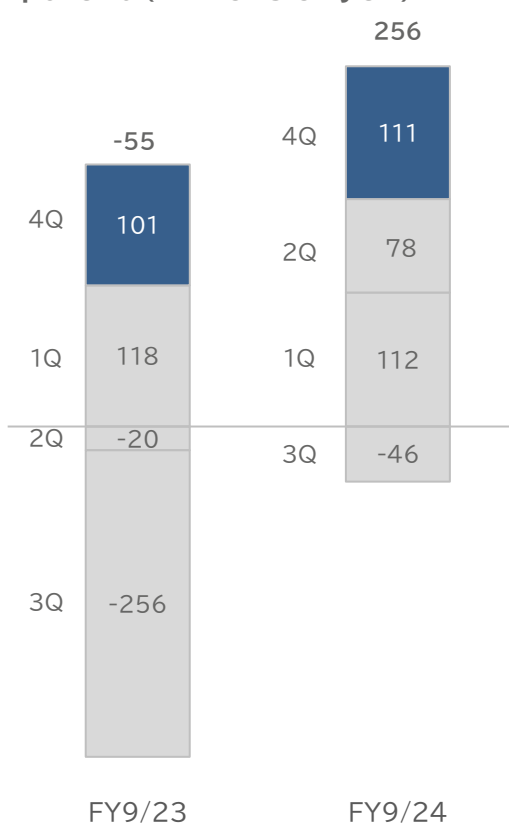
Net sales (Millions of yen)



Operating profit (Millions of yen)



Profit attributable to owners of parent (Millions of yen)

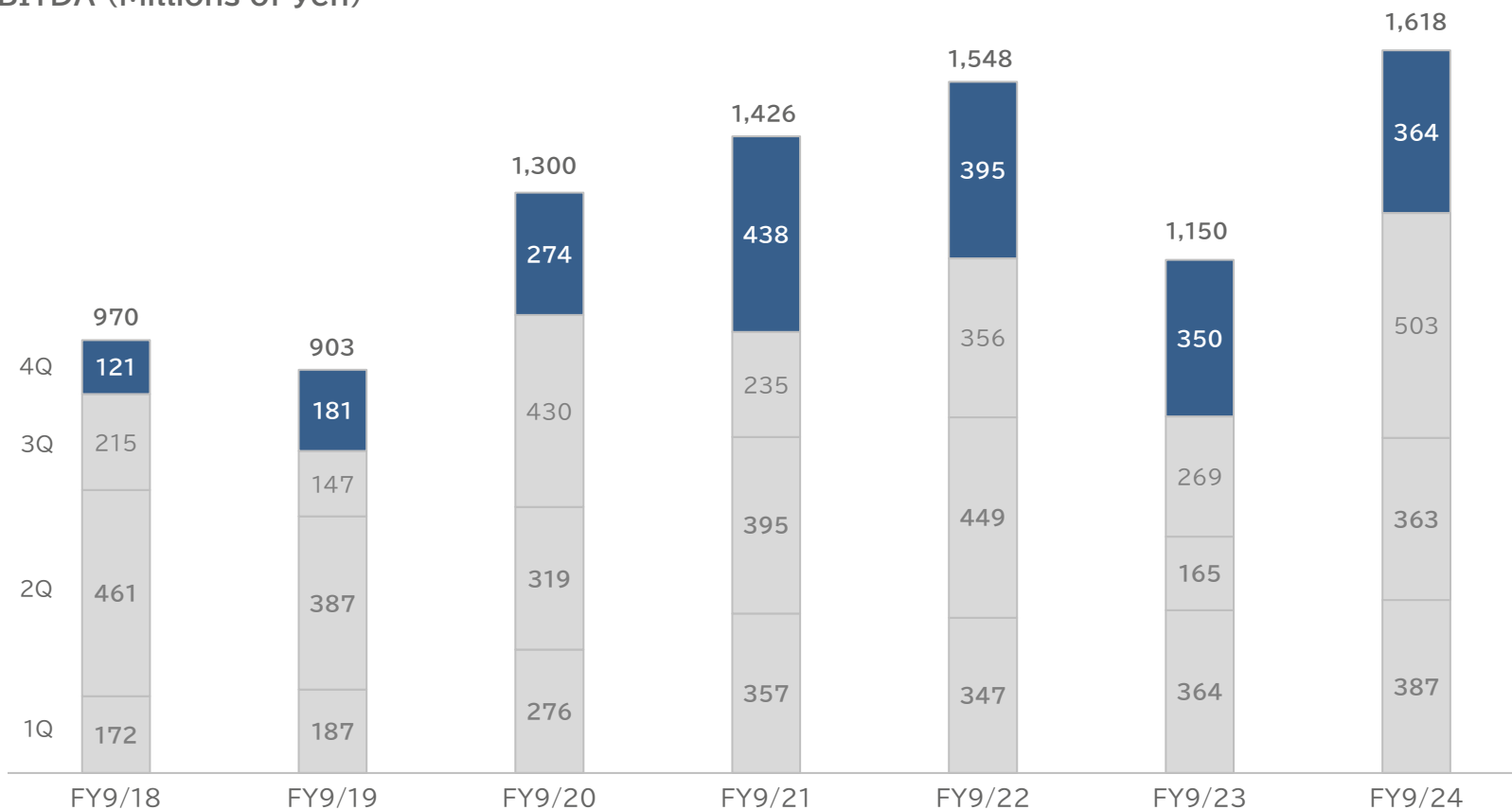


EBITDA

EBITDA for the fourth quarter was ¥364 million.

For the full year, EBITDA increased 40.8% year on year, achieving a record high of ¥1,618 million, 24.5% higher than the initial forecast, due to contributions of improvements made in the latter half of the year.

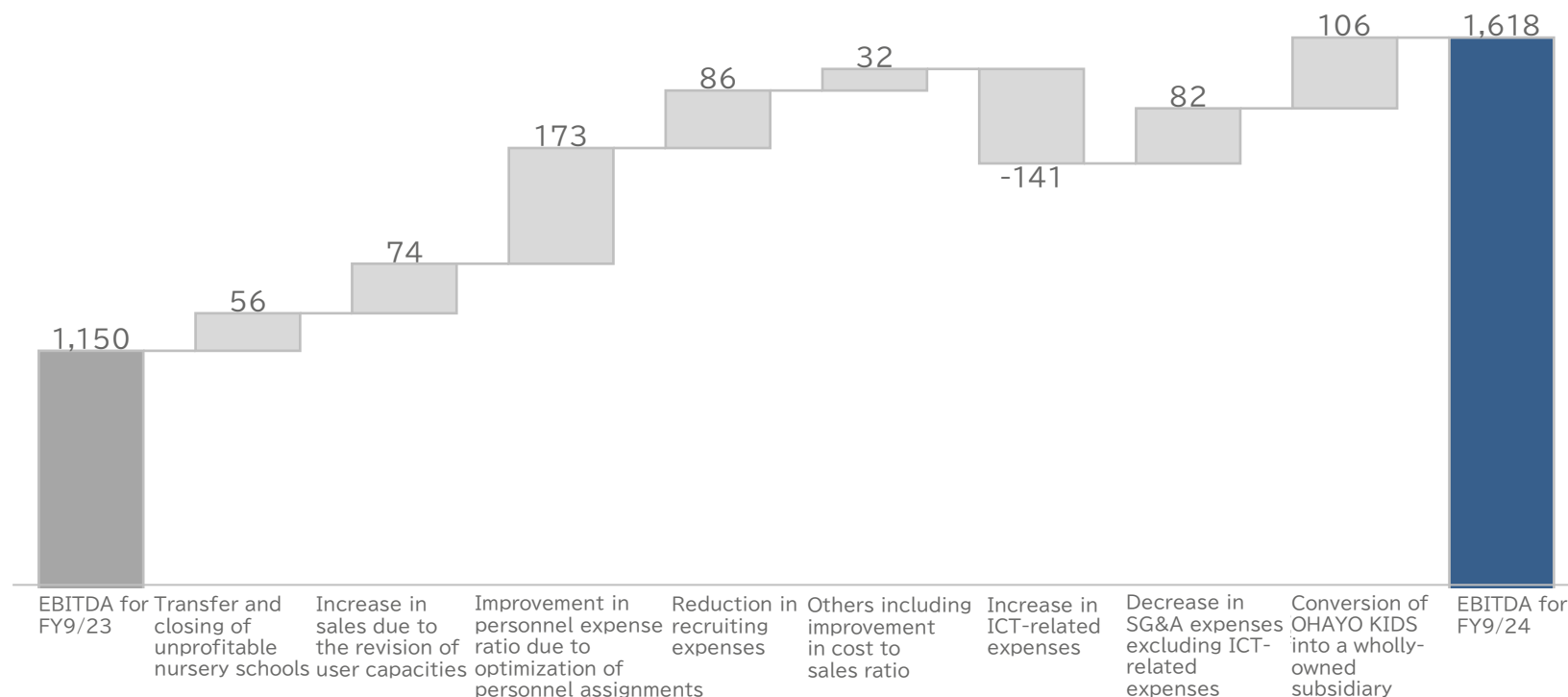
EBITDA (Millions of yen)



Factors behind change in EBITDA

While the increase in ICT-related expenses which we have been increasing strategically has an impact, the progress in profitability improvement measures such as optimization of personnel assignments and revision of user capacities, the transfer and closing of unprofitable nursery schools, as well as the conversion of OHAYO KIDS into a wholly-owned subsidiary contributed to a significant increase in EBITDA for the full year.

Factors behind change in EBITDA (Millions of yen)

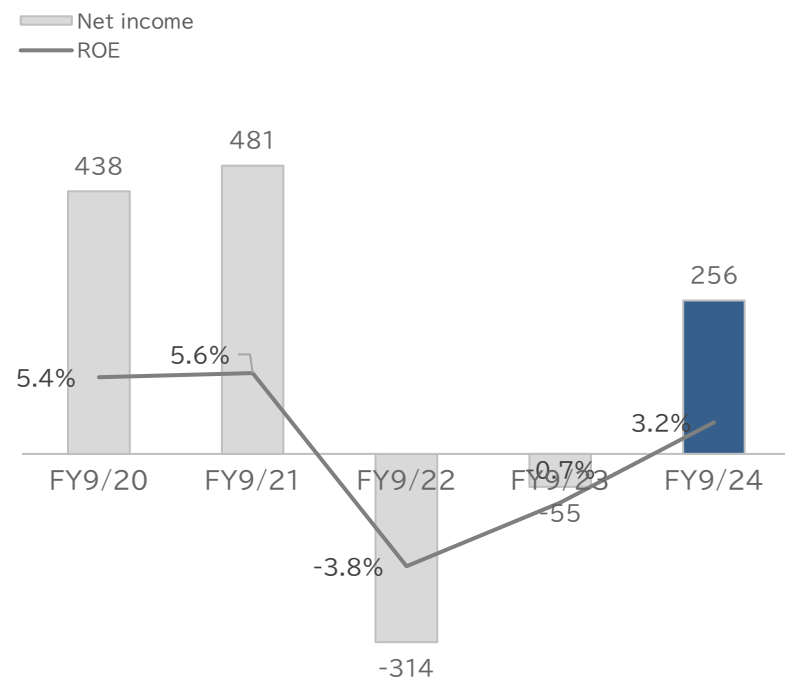


Note: Factors behind change other than "Conversion of OHAYO KIDS into a wholly-owned subsidiary" are presented as amounts excluding the impact of the "Conversion of OHAYO KIDS into a wholly-owned subsidiary."

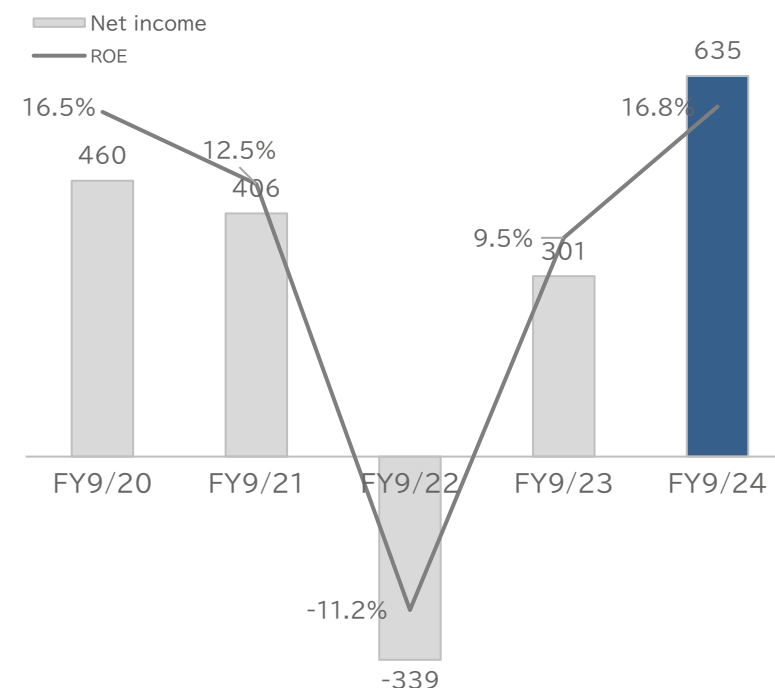
Adjusted net income, adjusted ROE

ROE is currently improving. Adjusted ROE is above the cost of capital range (7-8%).

Net income, ROE



Adjusted net income, adjusted ROE



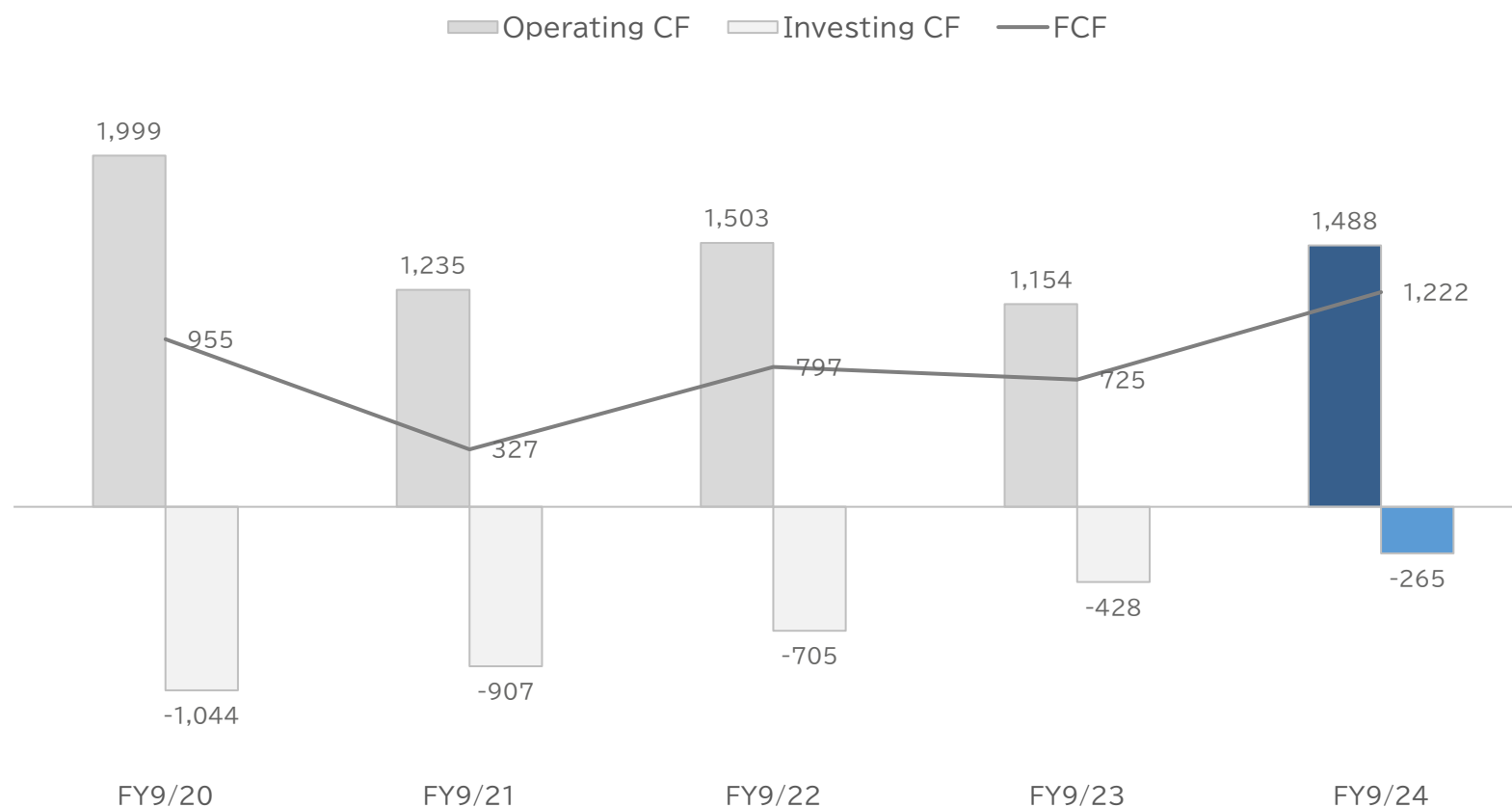
Adjusted net income, adjusted ROE

- Adjusted net income: Net income based on the accounting treatment in which, when non-current assets are acquired using subsidies from local governments, the amount excluding such subsidies is recorded as non-current assets ("direct deduction method")
- Adjusted ROE: ROE calculated by dividing adjusted net income by adjusted net assets based on the "direct deduction method"
- In financial accounting, the Company has adopted the "appropriation of surplus method," in which the amount before the deduction of subsidies is recorded as non-current assets. Depreciation is higher for this method than the "direct deduction method"
- If there is a prolonged period of no new facility openings, ROE and adjusted ROE will eventually converge

Free Cash Flow (FCF)

Free cash flow increased by ¥496 million year on year due to contributions of an increase in net income and a decrease in income taxes paid, reaching a record high.

Free Cash Flow (FCF) (Millions of yen)



Net sales: number of childcare business facilities

At the end of March 2024 and on April 1, 2024, 20 nursery schools were transferred and closed, and entrustment of one after-school day care center was terminated. Meanwhile, we were newly entrusted with one after-school day care center.

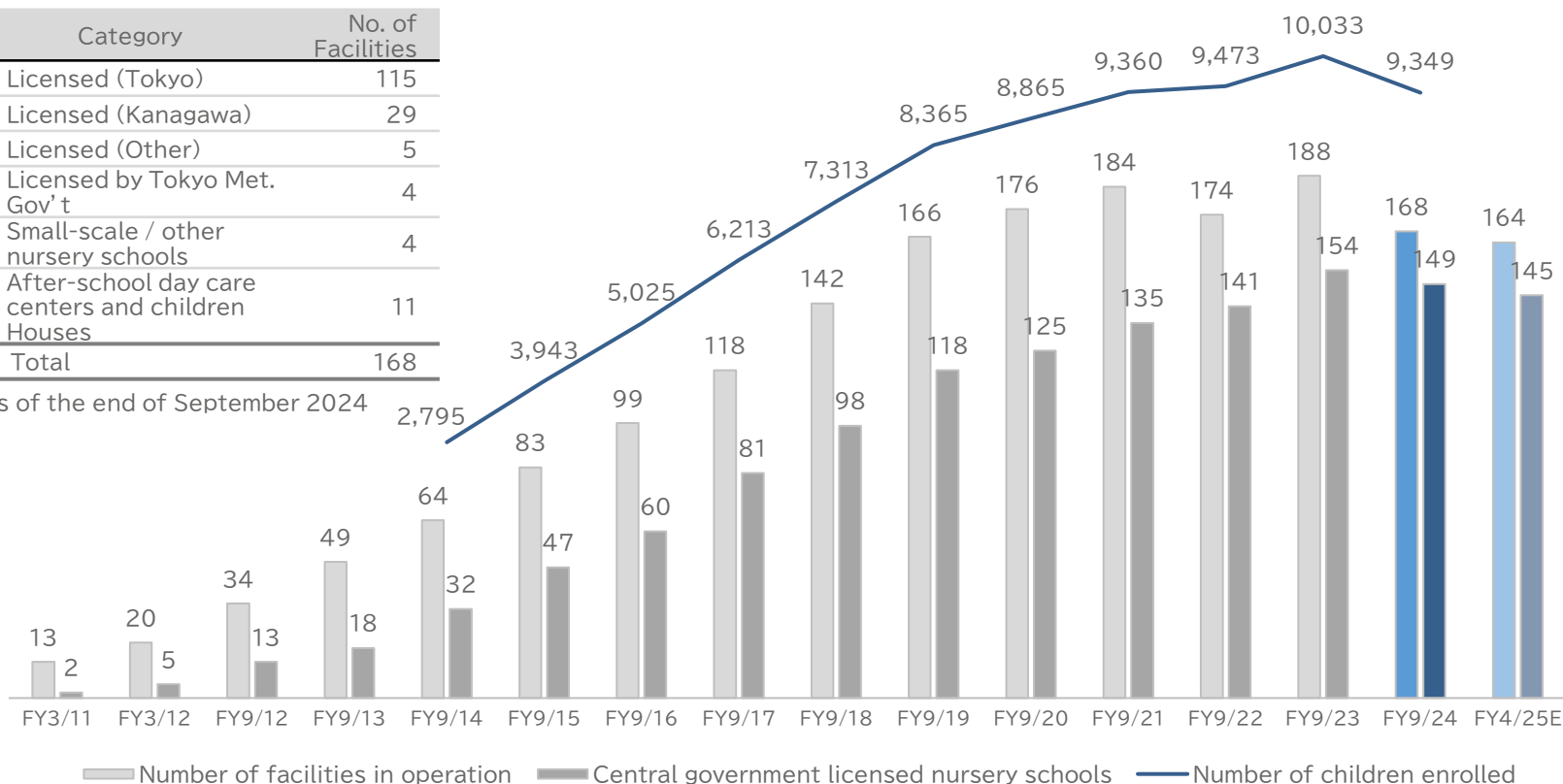
We plan to close one central government licensed nursery school in Tokyo at the end of March 2025, and transfer two central government licensed nursery schools in Chiba Prefecture and one central government licensed nursery school in Saitama Prefecture on April 1, 2025.

Number of facilities, number of enrolled children

Number of nursery schools by category

Category	No. of Facilities
Licensed (Tokyo)	115
Licensed (Kanagawa)	29
Licensed (Other)	5
Licensed by Tokyo Met. Gov't	4
Small-scale / other nursery schools	4
After-school day care centers and children Houses	11
Total	168

*As of the end of September 2024

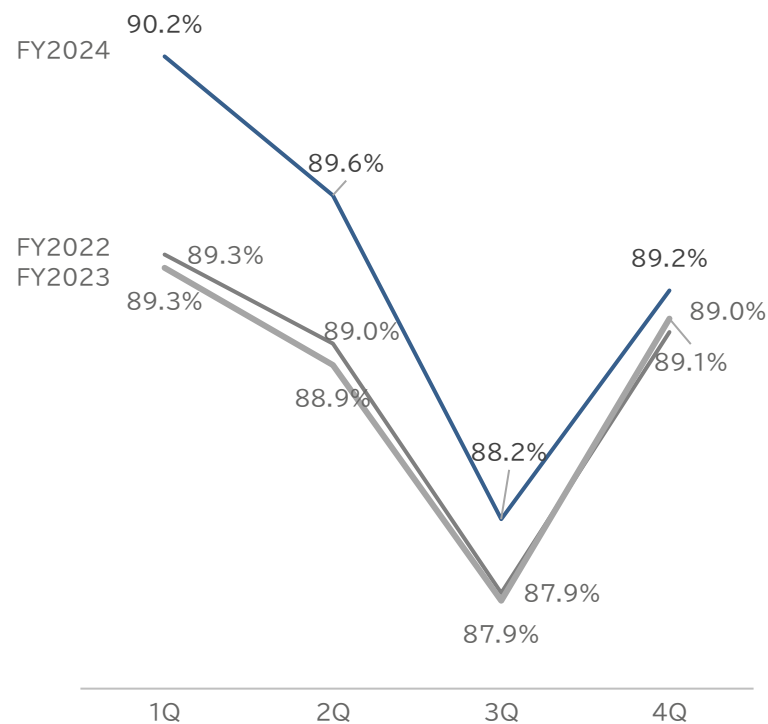


Note: The number of facilities is the total of nursery schools, after school day care centers and children houses.
The number of enrolled children is for nursery schools only.

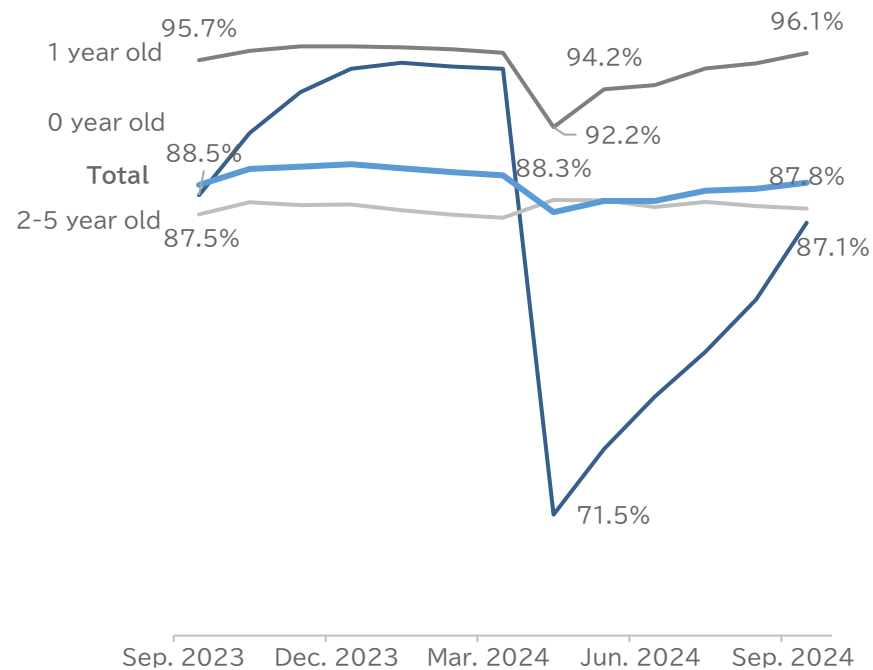
Net sales: occupancy rate

The occupancy rate for the fourth quarter rose 1.1 pts year on year partly due to contributions from the transfer and closing of facilities, in addition to user capacity revisions. By age group, the occupancy rate for 0-year-olds, which fell in April, is steadily recovering.

Total nursery schools



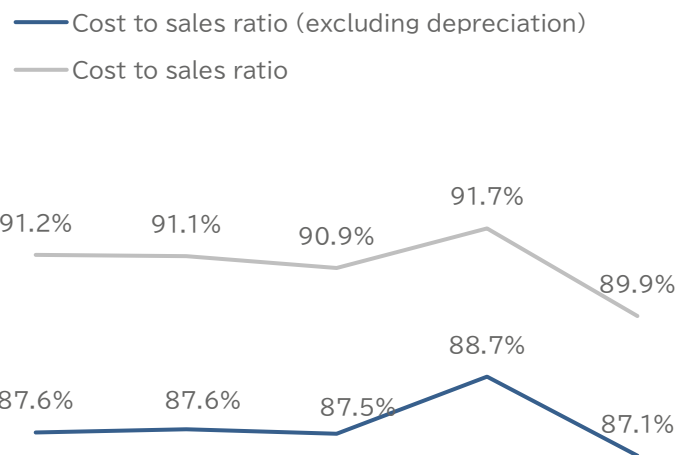
By age group



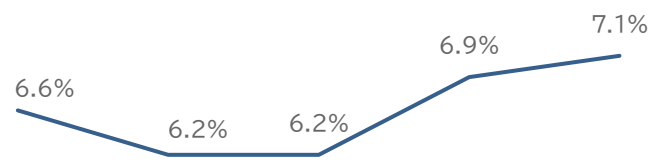
Cost to sales ratio, SG&A ratio

The cost to sales ratio improved 1.8 pts year on year due mainly to contributions of an improvement in the personnel expense ratio due to the optimization of personnel assignments, the transfer and closing of unprofitable nursery schools, and the reduction in recruiting expenses. The SG&A ratio rose as a result of an increase in ICT-related expenses.

Cost to sales ratio



SG&A ratio



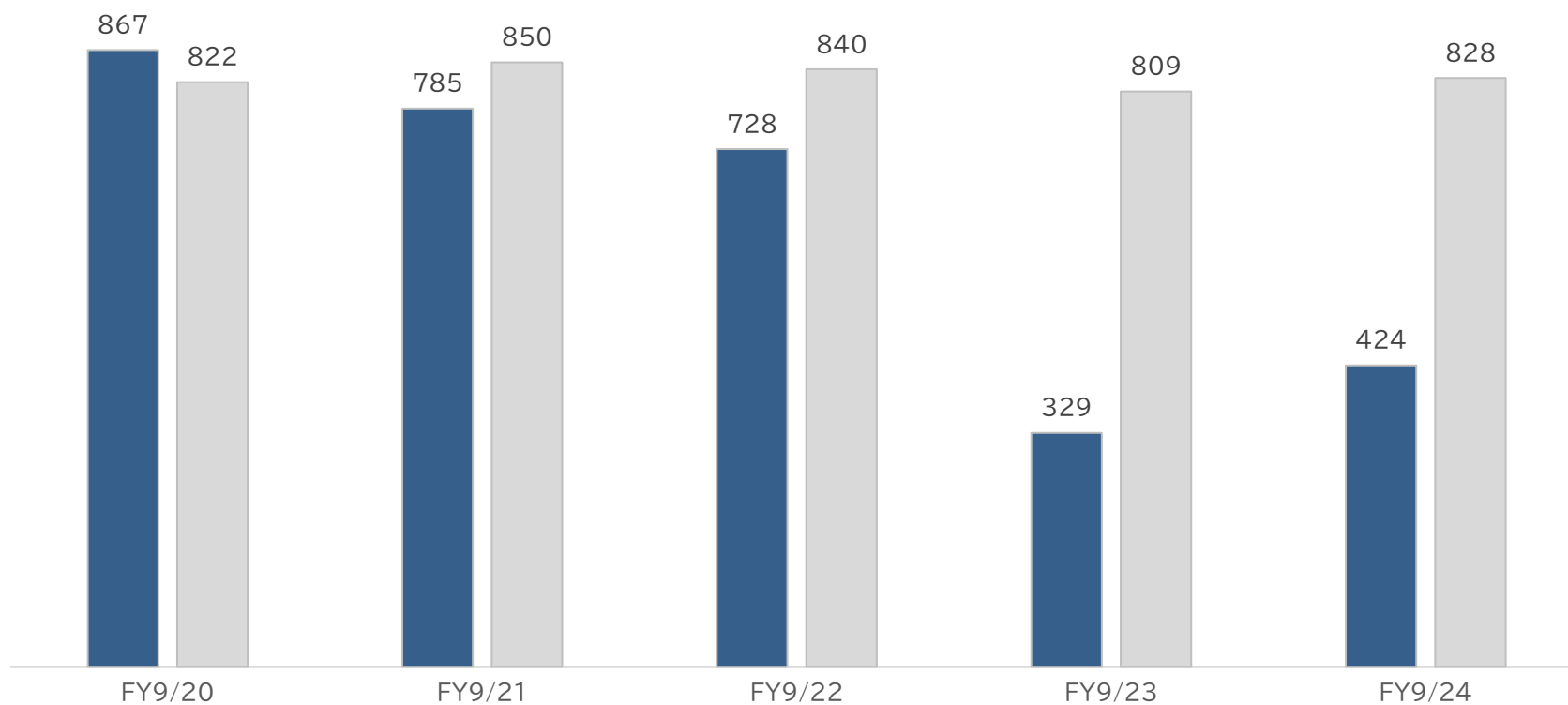
Note: We revised our accounting policies in FY9/23 and have switched from recording taxes and dues and hiring advertisement expenses for facilities from SG&A expenses to cost of sales. Figures for FY9/22 and before have been adjusted accordingly.

Capital expenditures, depreciation

Security cameras have been installed at each facility to ensure safety and security. Some facilities have also been relocated, resulting in an increase in capital expenditures.

Capital expenditures and depreciation (Millions of yen)

■ Capital expenditures ■ Depreciation

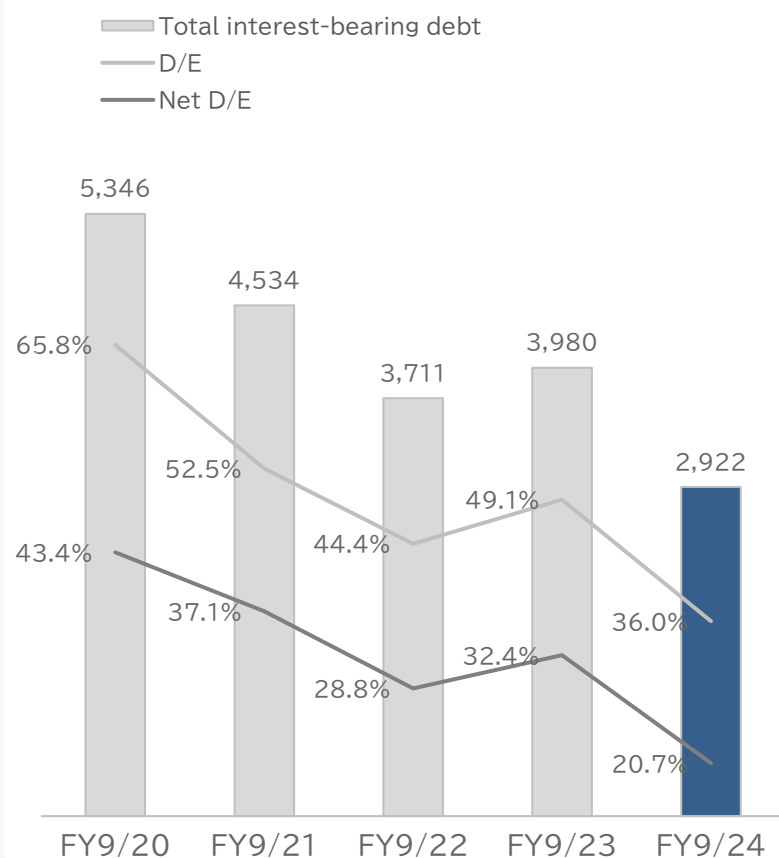


Note: Capital expenditures are on a cash out basis for property, plant and equipment

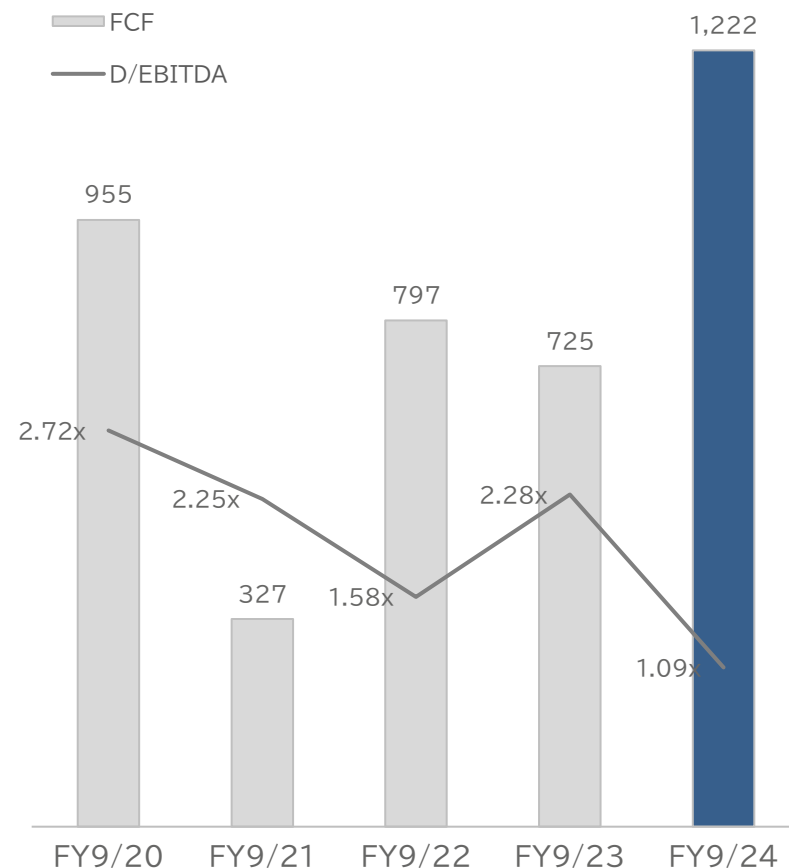
Financial soundness

In FY9/24, interest-bearing debt decreased due to an increase in FCF. Both the D/E ratio and D/EBITDA declined significantly, resulting in a significant improvement in financial soundness.

D/E ratio, Total interest-bearing debt (Millions of yen)



D/EBITDA, FCF (Millions of yen)



ICT Strategy

With the establishment of digital infrastructure, we are steadily progressing with our initiatives to improve operation quality and efficiency through the use of ICT.

Establishment of digital infrastructure

- Introduced a new human resources system that enables centralized management of employee information, significantly improving the quality and productivity of related operations
- Newly hired digital human resources with engineering backgrounds to strengthen the ICT strategy promotion system

Implementation of business reforms through the use of digital technology

- With the use of the personnel assignment management and selection management system taking root, together with other measures, progress has been made with improvements and reforms to headquarters management operations
- As part of measures to improve operation quality and efficiency, we newly systemized sales management, legal inspection management, and administrative audit management operations
- Improved the communication environment by deploying an information portal and chat tool (Slack) to all employees

Forecast for the Fiscal Year Ending September 30, 2025 (FY9/25)



Forecast for the fiscal year ending September 30, 2025

In FY9/25, we expect to see net sales decline slightly due to the impact of the transfer and closing of some facilities. We expect EBITDA and operating profit to reach record highs on the back of contributions from optimization of personnel assignments and the transfer and closing of unprofitable nursery schools. We see profit attributable to owners of parent increasing significantly due to a decrease in extraordinary losses. We plan to increase our dividends by ¥5 and pay an interim dividend, taking into consideration our financial position and the status of profitability.

(Millions of yen)	FY9/24 Results	FY9/25 Forecast	YoY change
Net sales	26,448	25,800	-2.5%
EBITDA	1,618	1,750	+8.1%
Operating profit	789	950	+20.3%
Ordinary profit	820	920	+12.1%
Profit attributable to owners of parent	256	600	+133.9%
Dividend per share	¥35	¥40	+¥5

Review of Medium-Term Management Plan (2024)

Review of Medium-Term Management Plan (2024)

- **Summary**

- Net sales fell short of our ¥31,000 million target by ¥4,551 million due to shortfalls for both the childcare business and new business. EBITDA failed to reach our ¥2,100 million target despite improved profitability for the childcare business

	FY9/24 (targets under the Medium-Term Management Plan)	FY9/24 (results)	Achievement rate
Net sales	31,000	26,448	85.3%
EBITDA	2,100	1,618	77.1%

- We implemented governance reforms in response to past improper conduct. We established the Code of Ethics Declaration and have been making ongoing efforts to reform our corporate culture

- **Childcare business**

- While unprofitable nursery schools were transferred and closed, there was only one M&A (acquisition of OHAYO KIDS CO., LTD.), resulting in a net sales shortfall of ¥1,699 million
- Although profitability has recovered due to progress with profitability improvement measures such as the revision of user capacities and optimization of personnel assignments, the operating profit margin has only improved by 0.5 pts and the EBITDA margin by 0.1 pts over the past three years

- **New business**

- We launched new services such as GlobalKids Plus+, a classroom for learning, and Kids Camp, outdoor education activities offered in cooperation with Snow Peak Inc., but they have not yet achieved profitability

- **ICT**

- We are on track with the development of digital infrastructure, including enhancement of system operation and information security enhancement. We have made some progress in improving business efficiency by restructuring our human resources system and introducing Salesforce

- **Finance, capital**

- Financial soundness improved substantially due to an increase in FCF resulting from profitability improvement and improvement in cash management
- For FY9/24, we plan to pay dividends of ¥35, an increase for the third consecutive year from FY9/22

Appendix

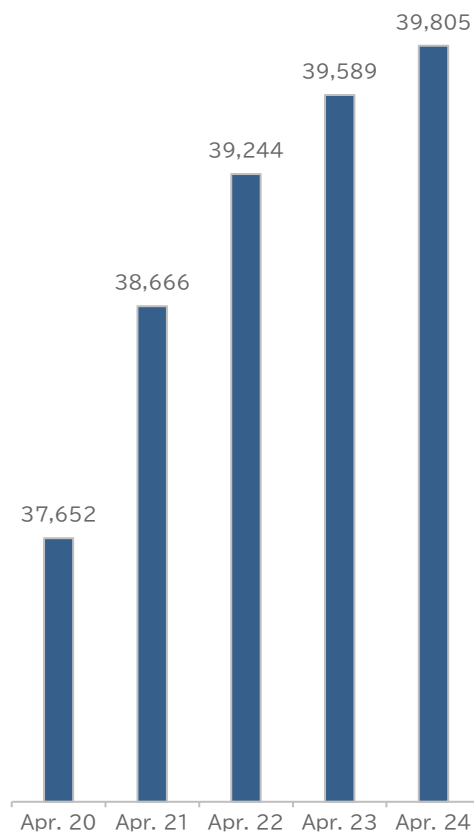


Breakdown of the number of facilities in operation

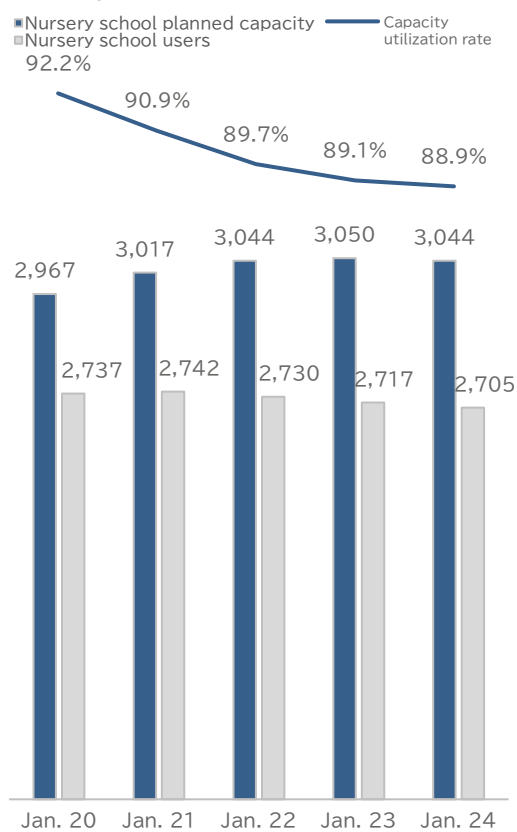
	FY9/15	FY9/16	FY9/17	FY9/18	FY9/19	FY9/20	FY9/21	FY9/22	FY9/23	FY9/24	FY9/25E
Licensed (Tokyo)	28	38	56	70	86	91	98	103	115	115	114
Licensed (Kanagawa)	16	17	19	20	23	25	27	28	29	29	29
Licensed (Other)	3	5	6	8	9	9	10	10	10	5	2
Licensed by Tokyo Met. Gov' t	21	22	20	20	17	17	16	15	15	4	4
Centers for early childhood education and care, etc.	5	6	5	5	6	6	6	5	7	4	4
Company sponsored	-	-	-	7	11	11	11	-	1	-	-
After-school day care centers and children houses	10	11	12	12	13	13	12	10	11	11	11
Child developmental support facilities	-	-	-	-	1	4	4	3	-	-	-
Total	83	99	118	142	166	176	184	174	188	168	164

Number of nursery schools, capacity utilization rate, number of wait-listed children

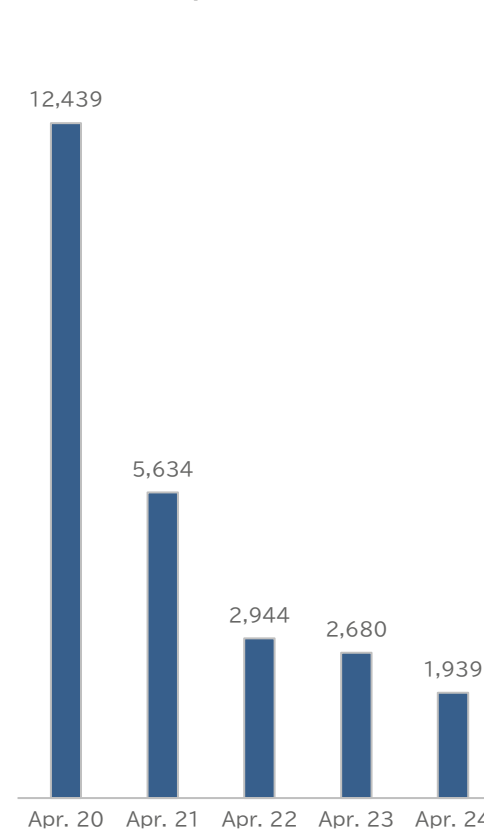
Number of nursery schools, etc. nationwide



Capacity and utilization of nursery schools (thousands)



Number of wait-listed children nationwide (persons)



Ranking of childcare service sales

	Company name	Net sales (Millions of yen)
1	JP-HOLDINGS	35,507
2	LIKE	29,047
3	Global Kids Company	26,448
4	Kodomo no Mori	26,304
5	Poppins	24,569
6	AIGRAN	18,558
7	Sakurasaku plus	13,844
8	HITOWA Kids Life	12,217
9	teno. Holdings	10,874
10	Solasto	9,930

Source: The Nikkei MJ. Financial results for the Company and LIKE.

Note: For the Company, JP Holdings, Like, and Sakurasaku Plus, sales for the fiscal year ended in 2024.
For other companies, sales for the fiscal year ended in 2023.

GlobalKids 