

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Six Months Ended March 31, 2026 [Japanese GAAP]



May 15, 2026

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 submission date of the Interim Securities Report: May 15, 2026
 Scheduled date of commencing dividend payments: June 5, 2026
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended March 31, 2026 (October 1, 2025 to March 31, 2026)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net Sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended March 31, 2026	104,880	6.1	7,037	5.8	4,670	2.8	4,450	5.7	2,086	(14.0)
March 31, 2025	98,841	5.7	6,652	(6.2)	4,541	(11.7)	4,212	(18.3)	2,424	36.8

*EBITDA : Operating profit + Depreciation + Amortization of goodwill

(Note) Comprehensive income: Six months ended March 31, 2026: 2,901 million yen [(1.2)%]

Six months ended March 31, 2025: 2,937 million yen [38.5%]

	Profit per share	Diluted profit per share
Six months ended	Yen	Yen
March 31, 2026	50.31	50.04
March 31, 2025	58.06	57.68

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2026	149,188	60,933	35.6
As of September 30, 2025	139,194	59,471	36.9

(Reference) Equity: As of March 31, 2026: 53,152 million yen

As of September 30, 2025: 51,424 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
September 30, 2025	—	13.00	—	13.00	26.00
September 30, 2026	—	14.50	—	—	—
Fiscal year ending September 30, 2026 (Forecast)	—	—	—	14.50	29.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2026 (October 1, 2025 to September 30, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share yen
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Full year	205,000	3.0	13,500	4.0	8,500	3.2	8,300	6.3	4,000	11.8	96.77

*** Notes:**

(1) Significant Changes in the scope of consolidation during the period under review: Yes

Newly added: 1 (Name) PARA MEDICAL Co., Ltd. Excluded: – (Name) –

(2) Application of special accounting treatments in preparing interim consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revisions to accounting standards and other regulations: None

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):

March 31, 2026: 44,633,232 shares

September 30, 2025: 44,633,232 shares

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

March 31, 2026: 3,094,353 shares

September 30, 2025: 3,217,142 shares

3) The average number of shares during the period:

Six months ended March 31, 2026: 41,465,289 shares

Six months ended March 31, 2025: 41,757,708 shares

* These interim consolidated financial results are outside the scope of interim 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 reasonable. 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. Overview of Business Result, (3) Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 7 of the Attachments.

Table of Contents - Attachments

1. Overview of Business Results	2
(1) Overview of Business Results for the Interim Period.	2
(2) Overview of Financial Position for the Interim Period.	6
(3) Consolidated Financial Results Forecast and Other Forward-looking Statements	7
2. Interim Consolidated Financial Statements and Primary Notes.	8
(1) Interim Consolidated Balance Sheets.	8
(2) Interim Consolidated Statements of Income and Comprehensive Income	10
(3) Interim Consolidated Statements of Cash Flows	12
(4) Notes to the Interim Consolidated Financial Statements	14
(Notes on Going Concern Assumption).	14
(Notes on Application of Special Accounting Treatments in Preparing Interim Consolidated Financial Statements).	14
(Notes on When There Are Significant Changes in Amounts of Equity).	14
(Notes on Segment Information)	14

1. Overview of Business Results

(1) Overview of Business Results for the Interim Period

The domestic economy continued to show a moderate overall recovery. However, the environment surrounding households and companies has become increasingly challenging due to rising prices and interest rates, as well as surging costs for utilities such as water and electricity. In addition, the outlook remains uncertain, including fluctuations in energy prices amid increasing uncertainty in the global environment.

In the education market, the competitive environment remains severe amid the declining birthrate and households' growing tendency to save. At the same time, as learning styles become increasingly diversified, institutional reforms and support initiatives are expanding across each stage of education. At the compulsory education level in elementary and junior high schools, learning support is expanding against the backdrop of an increase in non-attending students and disparities in educational opportunities based on income and region. At the high school level, institutional reviews are progressing, including the expansion of tuition support programs. In university entrance examinations, the diversification of selection methods is stimulating demand for new services, and demand for recurrent education and reskilling for working adults also remains steady.

In the nursing care and medical services market, demand for long-term care services continues to expand due to demographic aging. Meanwhile, chronic staffing shortages and upward cost pressures—particularly rising utility costs such as water and electricity—remain operational challenges. Under these circumstances, the government implemented an extraordinary revision of long-term care reimbursement in June 2026, along with various support measures, which are helping to reduce cost burdens and further enhance compensation improvements.

In light of the market conditions described above, consolidated results for the interim period were as follows: net sales of 104,880 million yen (up 6.1% YoY), EBITDA of 7,037 million yen (up 5.8% YoY), operating profit of 4,670 million yen (up 2.8% YoY), ordinary profit of 4,450 million yen (up 5.7% YoY), and profit attributable to owners of the parent company of 2,086 million yen (down 14.0% YoY).

Net sales increased by 6,038 million yen YoY, driven by the consolidation of DTP Education Solutions JSC in Vietnam (hereafter, "DTP") in the Education Domain; an increase in the number of facilities and continued high occupancy rates in the Healthcare and Nursing Domain; and steady performance in ancillary businesses.

Operating profit increased by 129 million yen YoY. Although operating profit decreased in the Publishing and Content Services Business and the Global Business, these declines were offset by higher profits in the Childcare and Early Childhood Business and the Group Homes for the Elderly with Dementia Business, among others.

Ordinary profit increased by 238 million yen YoY, driven by the increase in operating profit and a reduction in investment losses accounted for using the equity method compared with the previous year.

Profit attributable to owners of the parent company decreased by 338 million yen YoY, due to the absence of extraordinary income recorded in the first quarter of the previous year and the recognition of valuation losses on investment securities during this period.

Results by segment are as follows:

* Effective from the interim period of the current fiscal year, the Company has changed its reportable segments, and comparisons and analyses for the corresponding period are based on the revised segment classifications. For further details, please refer to “2. Interim Consolidated Financial Statements and Primary Notes, (4) Notes to the Interim Consolidated Financial Statements (Notes on Segment Information).”

(million yen)

Reportable segments	Six months ended March 31, 2025		Six months ended March 31, 2026		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Education Domain	54,974	4,190	56,991	4,030	2,016	(160)
Healthcare and Nursing Domain	42,322	1,197	46,272	1,284	3,949	87
Other	1,543	250	1,616	163	72	(87)
Adjustment	—	(1,096)	—	(807)	—	289
Group total	98,841	4,541	104,880	4,670	6,038	129

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

Reporting segment	Large classification	Medium classification	Individual business (small classification)
Education Domain	Classrooms and Learning Centers Business	Classrooms Business	Operation of classrooms for a range of children from preschoolers to junior high school students (mainly elementary school students)
		Learning Centers 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 Services Business	Publishing Services Business	Publishing and sale of publications through distributors and bookstores
			Planning, production, and sale of textbooks, instruction guides for teachers, supplemental, digital learning materials, special needs education materials, and short essay tutoring services
		Content Services Business	Operation of e-learning for training programs targeting nurses
			Operation of online English conversation services
	Childcare and Early Childhood Business	Childcare Business	Operation of experience-based English learning facilities
			Sale of corporate training contents and services
	Global Business		Development, and operation of nursery schools, daycare centers, afterschool program, etc.
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			
Healthcare and Nursing Domain	Elderly Housing Business		Promotion of the Group’s overseas business
	Group Homes for the Elderly with Dementia Business		Planning, contract work, and implementation of ODA business
Other Business 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
			Logistics business, operation of relevant systems, undertaking of contract services, etc.
			Provision of services such as accounting, HR, IT systems for group companies
			Planning and development of digital products and support for Group DX

[Education Domain]

Net sales: 56,991 million yen (up 3.7% YoY) / Operating profit: 4,030 million yen (down 160 million yen YoY; down 3.8% YoY)

(million yen)

Main businesses	Six months ended March 31, 2025		Six months ended March 31, 2026		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Classrooms and Learning Centers Business	27,256	1,435	27,416	1,569	160	133
Publishing and Content Services Business	17,715	2,453	17,608	2,161	(106)	(292)
Childcare and Early Childhood Business	8,674	298	9,053	448	378	150
Global Business	1,328	2	2,912	(148)	1,584	(151)
Segment total	54,974	4,190	56,991	4,030	2,016	(160)

(Classrooms and Learning Centers Business)

Net sales: 27,416 million yen (up 0.6% YoY) / Operating profit: 1,569 million yen (up 133 million yen YoY; up 9.3% YoY)

Net sales increased in the Classrooms Business, supported by the effects of the tuition fee revision implemented in April 2025 and a recovering trend in the number of classroom members, driven in part by an improvement in the rate of multiple course enrollments (the proportion of members taking multiple courses). Meanwhile, net sales decreased at certain learning centers and cram schools. As a result, net sales for the business as a whole remained generally in line with the previous year.

Operating profit increased, reflecting higher net sales in the Classrooms Business following the tuition fee revision and the recovering trend in the number of members. The increase was also supported by the expansion of projects commissioned by local public authorities in the school education support business and the consolidation and closure of unprofitable locations in the learning centers and cram school operations.

(Publishing and Content Services Business)

Net sales: 17,608 million yen (down 0.6% YoY) / Operating profit: 2,161 million yen (down 292 million yen YoY; down 11.9% YoY)

In the Publishing Services Business, net sales decreased. While study-aid books mainly for senior high school students and practical guides for adults performed steadily, net sales declined mainly due to the absence of sales of teachers' guides associated with revisions to junior high school textbooks that were recorded in the previous year. In the Content Services Business, net sales increased due to growth in the number of users of the online English conversation program "Kimini" and an increase in the number of contracted hospitals for e-learning services for nurses; however, net sales for the segment as a whole declined.

Operating profit decreased mainly due to lower net sales in the Publishing Services Business and investments in the AI business within the Content Services Business, among other factors.

(Childcare and Early Childhood Business)

Net sales: 9,053 million yen (up 4.4% YoY) / Operating profit: 448 million yen (up 150 million yen YoY; up 50.4% YoY)

Net sales increased, driven by our nursery schools maintaining a high enrollment (capacity utilization) rate, steady sales in merchandising for teachers (e.g., apparel), and an increase in the number of facilities operated in the public after-school childcare program.

Operating profit increased due to expense reductions and an increase in subsidies, among other factors.

(Global Business)

Net sales: 2,912 million yen (up 119.3% YoY) / Operating loss: 148 million yen (deteriorated by 151 million yen YoY)

Net sales increased significantly due to the inclusion of DTP's results in consolidation from the second half of the previous fiscal year.

Operating profit decreased due to increased amortization expenses.

[Healthcare and Nursing Domain]

Net sales: 46,272 million yen (up 9.3% YoY) / Operating profit: 1,284 million yen (up 87 million yen YoY; up 7.3% YoY)

(million yen)

	Six months ended March 31, 2025		Six months ended March 31, 2026		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Main businesses						
Elderly Housing Business	22,385	508	24,263	418	1,878	(90)
Group Homes for the Elderly with Dementia Business	19,937	688	22,009	866	2,071	178
Segment total	42,322	1,197	46,272	1,284	3,949	87

(Elderly Housing Business)

Net sales: 24,263 million yen (up 8.4% YoY) / Operating profit: 418 million yen (down 90 million yen YoY; down 17.8% YoY)

Net sales increased, supported by the continued opening of new facilities while maintaining high occupancy rates, an expansion in business scale through an increase in the number of rooms per building, and the effects of price revisions implemented in March 2025 and March 2026.

Operating profit decreased, as the business was unable to fully absorb cost increases, including higher outsourcing costs as well as rising utility, food, consumables, and labor costs. The Company has been sequentially implementing price revisions to common-area fees and living service fees since March 2026 and expects to achieve its full-year targets by pursuing profit improvement initiatives, together with cost reductions such as improvements in purchase prices.

(Group Homes for the Elderly with Dementia Business)

Net sales: 22,009 million yen (up 10.4% YoY) / Operating profit: 866 million yen (up 178 million yen YoY; up 25.9% YoY)

Net sales increased due to an increase in the number of facilities, the maintenance of a high occupancy rate, growth in the care products business (a peripheral care-related business), and the inclusion of PARA MEDICAL Co., Ltd. in the scope of consolidation from January 2026.

Operating profit increased, supported by higher net sales resulting from the expansion in the number of facilities and the maintenance of a high occupancy rate, as well as an expansion of earnings from the peripheral care-related business.

(2) Overview of Financial Position for the Interim Period

(million yen)

Item	As of September 30, 2025	As of March 31, 2026	Change
Current Assets	70,038	78,965	8,926
Cash and Deposits	22,916	25,205	2,288
Non-Current Assets	69,155	70,223	1,067
Total Assets	139,194	149,188	9,994
Current Liabilities	40,384	48,536	8,152
Non-Current Liabilities	39,338	39,719	380
Total Liabilities	79,722	88,255	8,532
Interest-Bearing Debt* ¹	36,652	44,063	7,410
Total Net Assets	59,471	60,933	1,461
Total Liabilities and Net Assets	139,194	149,188	9,994
Equity Ratio (%) ^{*2}	36.9	35.6	(1.3)
D/E Ratio (times) ^{*3}	0.71	0.83	0.12

*1: Interest-bearing debt = Borrowings + Bonds payable + Lease obligations

*2: Equity ratio = Equity / Total assets

*3: D/E ratio = Interest-bearing debt / Equity

At the end of the interim consolidated accounting period, total assets amounted to 149,188 million yen, increasing by 9,994 million yen from the end of the previous consolidated fiscal year. The main changes were an increase of 2,288 million yen in cash and deposits, an increase of 5,343 million yen in notes and accounts receivable, an increase of 639 million yen in merchandise and finished goods, a decrease of 205 million yen in property, plant and equipment, an increase of 103 million yen in intangible assets, and an increase of 462 million yen in investment securities, among others.

Total liabilities amounted to 88,255 million yen, increasing by 8,532 million yen from the end of the previous consolidated fiscal year. The main changes were an increase of 963 million yen in notes and accounts payable, an increase of 8,600 million yen in short-term borrowings, a decrease of 1,390 million yen in the current portion of long-term borrowings, and an increase of 153 million yen in long-term borrowings, among others.

Total net assets amounted to 60,933 million yen, increasing by 1,461 million yen from the end of the previous consolidated fiscal year. The main changes were a decrease of 95 million yen in capital surplus, an increase of 1,431 million yen in retained earnings, and a decrease of 234 million yen in non-controlling interests, among others.

(million yen)

Item	Six months ended March 31, 2025	Six months ended March 31, 2026	Change
Net cash provided by (used in) operating activities	1,249	688	(561)
Net cash provided by (used in) investing activities	2,846	(4,314)	(7,160)
Free cash flow	4,095	(3,626)	(7,721)
Net cash provided by (used in) financing activities	(166)	5,673	5,840
Cash and cash equivalents at end of period	22,676	23,330	653

At the end of the interim consolidated accounting period, cash and cash equivalents (hereinafter “funds”) amounted to 23,330 million yen, an increase of 2,336 million yen compared to the beginning of the interim period. Cash flow conditions and major factors were as follows.

Net cash provided by operating activities amounted to an increase of 688 million yen (the previous interim period saw an increase of 1,249 million yen). Major factors included profit before income taxes of 3,936 million yen, depreciation of 1,761 million yen, an increase in trade receivables of 4,747 million yen, and an increase in trade payables of 518 million yen, among others.

Net cash used in investing activities amounted to a decrease of 4,314 million yen (the previous interim period saw an increase of 2,846 million yen). Major factors included payments for purchases of property, plant and equipment and intangible assets of 1,611 million yen and payments for purchases of investment securities of 2,353 million yen, among others.

Net cash provided by financing activities amounted to an increase of 5,673 million yen (the previous interim period saw a decrease of 166 million yen). Major factors included a net increase in short-term borrowings of 8,600 million yen, proceeds from long-term borrowings of 2,950 million yen, repayments of long-term borrowings of 4,208 million yen, and dividends paid of 538 million yen, among others.

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

For the fiscal year ending September 30, 2026, the Company expects net sales of 205,000 million yen, EBITDA of 13,500 million yen, operating profit of 8,500 million yen, ordinary profit of 8,300 million yen, and profit attributable to owners of the parent company of 4,000 million yen. There is no change from the consolidated financial results forecast announced on November 7, 2025.

The above forecasts are determined based on information currently available to the Company and include potential risks and uncertainties. Please note that actual results may differ significantly from these forecasts due to various factors.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheets

(million yen)

	As of September 30, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	22,916	25,205
Notes receivable and accounts receivable	26,043	31,386
Merchandise and finished goods	10,355	10,994
Work in process	3,702	3,211
Raw materials and supplies	235	179
Other	6,859	8,072
Allowance for doubtful accounts	(73)	(84)
Total current assets	70,038	78,965
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	10,265	9,957
Machinery, equipment and vehicles (net)	108	109
Land	4,835	4,741
Construction in progress	25	170
Other (net)	1,684	1,734
Total property, plant and equipment	16,918	16,713
Intangible assets		
Goodwill	9,628	9,327
Other	10,109	10,514
Total intangible assets	19,738	19,841
Investments and other assets		
Investment securities	15,410	15,873
Other	17,321	18,082
Allowance for doubtful accounts	(234)	(287)
Total investments and other assets	32,498	33,668
Total non-current assets	69,155	70,223
Total assets	139,194	149,188

(million yen)

	As of September 30, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,080	8,044
Short-term borrowings	2,750	11,350
Current portion of bonds payable	—	25
Current portion of long-term borrowings	6,828	5,437
Income taxes payable	2,757	2,280
Provision for bonuses	2,726	3,161
Other	18,241	18,237
Total current liabilities	40,384	48,536
Non-current liabilities		
Bonds payable	7,000	7,000
Long-term borrowings	19,050	19,203
Retirement benefit liability	5,207	5,108
Other	8,080	8,407
Total non-current liabilities	39,338	39,719
Total liabilities	79,722	88,255
Net assets		
Shareholders' equity		
Share capital	19,817	19,817
Capital surplus	11,357	11,261
Retained earnings	21,127	22,559
Treasury shares	(3,029)	(2,916)
Total shareholders' equity	49,273	50,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,581	1,431
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	(342)	152
Remeasurements of defined benefit plans	911	844
Total accumulated other comprehensive income	2,150	2,430
Share acquisition rights	167	134
Non-controlling interests	7,880	7,645
Total net assets	59,471	60,933
Total liabilities and net assets	139,194	149,188

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income

(million yen)

	Six months ended March 31, 2025	Six months ended March 31, 2026
Net sales	98,841	104,880
Cost of sales	71,850	76,287
Gross profit	26,991	28,592
Selling, general and administrative expenses	22,449	23,921
Operating profit	4,541	4,670
Non-operating income		
Interest income	14	110
Dividend income	74	53
Other	100	138
Total non-operating income	188	302
Non-operating expenses		
Interest expenses	206	308
Share of loss of entities accounted for using equity method	81	5
Other	229	208
Total non-operating expenses	517	522
Ordinary profit	4,212	4,450
Extraordinary income		
Gain on sale of non-current assets	177	0
Gain on sale of investment securities	—	241
Gain on step acquisitions	480	—
Other	55	12
Total extraordinary income	713	255
Extraordinary losses		
Loss on sale and retirement of non-current assets	123	120
Impairment losses	107	294
Loss on sale of investment securities	51	16
Loss on valuation of investment securities	244	247
Other	7	90
Total extraordinary losses	534	769
Profit before income taxes	4,390	3,936
Income taxes	1,847	1,775
Profit	2,542	2,160
Profit attributable to non-controlling interests	118	74
Profit attributable to owners of parent	2,424	2,086

Interim Consolidated Statements of Comprehensive Income

(million yen)

	Six months ended March 31, 2025	Six months ended March 31, 2026
Profit	2,542	2,160
Other comprehensive income		
Valuation difference on available-for-sale securities	509	(142)
Deferred gains or losses on hedges	2	1
Foreign currency translation adjustment	(14)	894
Remeasurements of defined benefit plans, net of tax	(82)	(10)
Share of other comprehensive income of entities accounted for using equity method	(20)	(2)
Total other comprehensive income	394	740
Comprehensive income	2,937	2,901
(Breakdown)		
Comprehensive income attributable to owners of parent	2,718	2,365
Comprehensive income attributable to non-controlling interests	218	535

(3) Interim Consolidated Statements of Cash Flows

(million yen)

	Six months ended March 31, 2025	Six months ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,390	3,936
Depreciation	1,508	1,761
Impairment losses	107	294
Amortization of goodwill	603	605
Loss on sale and retirement of property, plant and equipment and intangible assets	(54)	119
Loss on sale and valuation of investment securities	296	21
Loss on step acquisitions	(480)	—
Increase in provisions	392	492
Decrease in retirement benefit asset	(20)	(13)
Increase in retirement benefit liability	(94)	(177)
Interest and dividend income	(88)	(164)
Interest expenses	206	308
Share of loss of entities accounted for using equity method	81	5
Decrease in trade receivables	(6,812)	(4,747)
Decrease in inventories	(1,140)	(20)
Increase in trade payables	3,211	518
Other	483	79
Subtotal	2,591	3,022
Interest and dividends received	181	164
Interest paid	(204)	(306)
Income taxes paid	(1,318)	(2,191)
Net cash provided by operating activities	1,249	688
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,365)	(1,611)
Proceeds from sale of property, plant and equipment and intangible assets	4,146	41
Purchase of investment securities	(1,333)	(2,353)
Proceeds from sale of investment securities	129	1,029
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(456)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,969	—
Subsidies received	84	65
Other	(783)	(1,030)
Net cash provided by investing activities	2,846	(4,314)
Cash flows from financing activities		
Net increase in short-term borrowings	4,522	8,600
Proceeds from long-term borrowings	900	2,950
Repayments of long-term borrowings	(3,674)	(4,208)
Proceeds from issuance of bonds	6,957	—
Redemption of bonds	(6,000)	(15)
Purchase of treasury shares	(1,006)	(0)
Payments for purchase of treasury shares of subsidiaries	—	(90)
Dividends paid	(527)	(538)
Dividends paid to non-controlling interests	—	(392)
Purchase of shares of subsidiaries without change in scope of consolidation	(1,199)	(475)
Other	(138)	(155)
Net cash provided by financing activities	(166)	5,673

(million yen)

	Six months ended March 31, 2025	Six months ended March 31, 2026
Effect of exchange rate change on cash and cash equivalents	(20)	268
Net increase in cash and cash equivalents	3,908	2,314
Cash and cash equivalents at beginning of period	18,768	20,994
Increase in cash and cash equivalents resulting from merger	—	21
Cash and cash equivalents at end of interim period	22,676	23,330

(4) Notes to the Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Application of Special Accounting Treatments in Preparing Interim 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 interim period, and multiplying profit before income taxes for the interim period by this estimated effective tax rate.

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

There is no relevant information.

(Notes on Segment Information)

I. For the six months ended March 31, 2025 (October 1, 2024 to March 31, 2025)

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

(million yen)

	Reportable segment			Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Education Domain	Healthcare and Nursing Domain	Total				
Net sales							
Net sales to external customers	54,974	42,322	97,297	1,543	98,841	—	98,841
Inter-segment net sales or transfers	144	43	187	3,795	3,983	(3,983)	—
Total	55,119	42,366	97,485	5,339	102,824	(3,983)	98,841
Segment profit	4,190	1,197	5,387	250	5,638	(1,096)	4,541

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative 1,096 million yen for “Segment profit” includes negative 1,096 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 interim consolidated statements of income.

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

(Significant changes in the amount of goodwill)

In the Education Domain, the Company has included DTP Education Solutions JSC in the scope of consolidation as a consolidated subsidiary. The increase in goodwill resulting from this transaction amounted to 3,252 million yen. Please note that the amount of goodwill was provisionally determined, as the allocation of the acquisition cost has not yet been completed.

II. For the six months ended March 31, 2026 (October 1, 2025 to March 31, 2026)

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
	Education Domain	Healthcare and Nursing Domain	Total				
Net sales							
Net sales to external customers	56,991	46,272	103,264	1,616	104,880	—	104,880
Inter-segment net sales or transfers	169	41	211	3,147	3,358	(3,358)	—
Total	57,161	46,313	103,475	4,763	108,238	(3,358)	104,880
Segment profit	4,030	1,284	5,314	163	5,478	(807)	4,670

(Notes)

1. “Other” includes logistics and other businesses that are not included in the reportable segments.
2. The adjustment of negative 807 million yen for “Segment profit” includes negative 808 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. Notes concerning changes in reportable segments

From the interim period of the current fiscal year, in order to strengthen collaboration in childcare and early childhood-related businesses and to accelerate the expansion and development of overseas businesses, the reportable segment for Gakken Cocofump Nursery Co., Ltd. has been changed from “Healthcare and Nursing Domain” to “Education Domain.” Additionally, DTP Education Solutions JSC, Gakken (Hong Kong) Co., Ltd. and IC Net Limited have been changed from “Other Business Domain” to “Education Domain.” There are no changes to the reportable segments themselves.

The segment information for the previous interim consolidated cumulative period is presented based on the revised segment classifications.

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

There is no relevant information.