

Consolidated Financial Results for the Fiscal Year Ended September 30, 2017

[Japanese GAAP]

November 13, 2017

Company name: Global Group Corp.

Stock Exchange Listing: TSE (1st section)

Securities code: 6189

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Scheduled date of annual shareholders' meeting: December 19, 2017

Scheduled submission date of annual securities report: December 19, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and securities analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2017 (October 1, 2016 to September 30, 2017)

(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	%
Fiscal year ended Sep. 30, 2017	13,155	30.1	407	19.5	1,477	(26.1)	791	(41.7)
Fiscal year ended Sep. 30, 2016	10,113	-	340	-	2,000	-	1,358	-

Note: Comprehensive income (millions of yen) Fiscal year ended Sep. 30, 2017: 668 (down 50.8%)

Fiscal year ended Sep. 30, 2016: 1,358 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2017	95.22	87.71	14.2	11.4	3.1
Fiscal year ended Sep. 30, 2016	179.97	154.62	25.9	16.8	3.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Sep. 30, 2017: - Fiscal year ended Sep. 30, 2016: -

Notes: 1. Year-on-year changes for the fiscal year ended September 30, 2016 are not presented because Global Group Corp. (hereinafter, "the Company") was established through a joint share transfer on October 1, 2015.

2. The Company conducted a 20-for-1 common stock split on December 18, 2015. Net income per share and diluted net income per share for the fiscal year ended September 30, 2016 have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

3. The Company's stock was listed on the Tokyo Stock Exchange, Mothers Market on March 18, 2016. Diluted net income per share for the fiscal year ended September 30, 2016 has been calculated by using an average stock price during the period between the time of listing and the end of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	13,952	5,924	42.5	681.37
As of Sep. 30, 2016	11,914	5,242	44.0	641.84

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 5,924 As of Sep. 30, 2016: 5,242

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Sep. 30, 2017	1,963	(2,659)	467	1,246
Fiscal year ended Sep. 30, 2016	2,196	(2,916)	2,026	1,474

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Sep. 30, 2016	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Sep. 30, 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Sep. 30, 2018 (forecast)	-	0.00	-	0.00	0.00	-	-	-

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	16,245	23.5	278	(31.7)	1,339	(9.4)	855	8.0	98.32

*** Notes**

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

(2) 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

(3) Number of shares issued (common stock)

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

As of Sep. 30, 2017:	8,695,360 shares	As of Sep. 30, 2016:	8,168,560 shares
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2) Number of treasury shares as of the end of the period

As of Sep. 30, 2017:	128 shares	As of Sep. 30, 2016:	80 shares
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3) Average number of shares issued during the period

Fiscal year ended Sep. 30, 2017:	8,312,177 shares	Fiscal year ended Sep. 30, 2016:	7,550,554 shares
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* The current financial report is not subject to audit procedures.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts and other forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company's management at the time these materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Overview of Results of Operations, (1) Results of Operations" on page 2 for details on the above forecasts.

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1. Overview of Results of Operations

(1) Results of Operations

1) Results of operations for the fiscal year ended September 30, 2017

During the fiscal year ended September 30, 2017 (hereinafter, “the current fiscal year”), the Japanese economy continued its moderate recovery trend led by improvements in corporate earnings and capital investments against a backdrop of economic and monetary policies from the government and the Bank of Japan, along with some signs of a turnaround in consumer spending reflecting the improved employment situation.

In this environment, the momentum surrounding a child-rearing support business has grown as both the central and local governments have strengthened measures to address greater demand for child-care services alongside an increase in the number of female workers. Such measures include improving compensation for child-care workers and increasing subsidies for developing nursery schools.

While the central and local governments have been working on increasing childcare service capacity in line with the Plan to Accelerate the Elimination of Childcare Waiting Lists so that no children will be on the waiting list by the end of fiscal 2017, the achievement of this target is still not in sight. To remedy this situation, the central government released the Relief Plan for Child Rearing in June 2017 with the aim of eliminating wait-listed children by creating capacity for 220,000 children by the end of fiscal 2020 and another 100,000 by the end of fiscal 2022 for a total of 320,000 children. Given the concern over Japan’s declining workforce, the development of a sound child-rearing environment is urgently needed to promote the social advancement of women who can contribute greatly to the vitality of our country. In this context, the child-rearing support service providers are playing an increasingly important role in our society.

The Group has newly established the following 18 nursery schools and one after-school day care center in Tokyo, Kanagawa, and Osaka as listed below during the current fiscal year.

As of the end of the current fiscal year, Global Group Corp. (hereinafter, “the Company”) and its consolidated subsidiaries (hereinafter collectively, “the Group”) operates 118 facilities: 56 central government licensed nursery schools in Tokyo, 19 in Kanagawa, three in Chiba, and three in Osaka; 25 local government licensed nursery schools or centers for early childhood education and care; and 12 after-school day care centers or children’s houses.

Nursery schools:

Tokyo

- Roku Kitasenjyu Kodomoen
- Global Kids Saginomiya
- Global Kids Toyosu 5-chome
- Global Kids Sumiyoshi
- Global Kids Nishi-ojima
- Global Kids Zoshigaya
- Global Kids Higashi-Ikebukuro
- Global Kids Wakaba
- Global Kids Kagurazaka
- Global Kids Narimasu
- Global Kids Higashi-Shinkoiwa
- Global Kids Wakabayashi
- Global Kids Nishi-Kokubunji
- Global Kids Komae
- Global Kids Mitaka
- Global Kids Rokubancho

Kanagawa

- Global Kids Minami-Makigahara

Osaka

Global Kids Abiko

After-school day care centers:

Kanagawa

Global Kids Minami-Makigahara After-School Day Care Center

As a result of the above, the Group reported net sales for the current fiscal year of 13,155 million yen (up 30.1% year-on-year) with operating profit of 407 million yen (up 19.5%), ordinary profit of 1,477 million yen (down 26.1%), and profit attributable to owners of parent of 791 million yen (down 41.7%).

2) Outlook for the next fiscal year

A change in awareness of the social advancement of women and government efforts to encourage them to take active roles have helped maintain the upward trend in the number of double-income households and the employment rate of women. Under this environment, the demand for nursery services and the usage rate of nursery schools remain at a high level.

However, local government efforts to increase the number of nursery schools have hardly helped resolve the issue of children on the waiting lists as shown in the table below. We therefore expect that the demand for establishing new nursery schools will remain high for the time being as demonstrated by the government's announcement in June 2017 that it will continue working to increase the capacity for nursery services under the Relief Plan for Child Rearing.

In this business environment favorable for child-rearing support service providers, we make it a policy to continue focusing on developing new facilities to fulfill the social demand for eliminating wait-listed children.

Number of wait-listed children

April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016	April 1, 2017
22,741	21,371	23,167	23,553	26,081

Source: *Summary of Nursery School Situation* issued by the Ministry of Health, Labour, and Welfare

Based on the above, we anticipate net sales for the next fiscal year of 16,245 million yen (up 23.5% year-on-year) with operating profit of 278 million yen (down 31.7%), ordinary profit of 1,339 million yen (down 9.4%), and profit attributable to owners of parent of 855 million yen (up 8.0%).

The year-on-year increase in net sales for the next fiscal year is attributable to an expected increase in the number of nursery school children mainly due to the opening of new nursery schools. The declines in operating profit and ordinary profit, on the other hand, are attributable to one-time expenses for upgrading information systems and improving working environments to enhance the Group's future profitability.

(2) Financial Position

1) Assets, liabilities, and net assets

Assets

Total assets amounted to 13,952 million yen at the end of the current fiscal year, an increase of 2,038 million yen over the end of the previous fiscal year.

Current assets increased 57 million yen to 2,645 million yen. This was mainly due to increases of 184 million yen in accounts receivable-other, 64 million yen in prepaid expenses, and 68 million yen in deferred tax assets, partially offset by a decline of 227 million yen in cash and deposits.

Non-current assets increased 1,981 million yen to 11,307 million yen. This was mainly due to increases of 1,499 million yen in buildings and structures due to opening new nursery schools and 168 million yen in lease and

guarantee deposits.

Liabilities

Total liabilities amounted to 8,028 million yen at the end of the current fiscal year, an increase of 1,356 million yen over the end of the previous fiscal year.

Current liabilities increased 348 million yen to 2,472 million yen. This was mainly due to increases of 123 million yen in accounts payable-other, 81 million yen in current portion of long-term loans payable, and 98 million yen in other.

Non-current liabilities increased 1,008 million yen to 5,555 million yen. This was mainly due to increases of 462 million yen in long-term loans payable and 385 million yen in deferred tax liabilities.

Net assets

Net assets increased 681 million yen to 5,924 million yen. This was mainly due to an increase of 791 million yen in retained earnings as a result of reporting profit attributable to owners of parent.

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year decreased 227 million yen from the end of the previous fiscal year to 1,246 million yen with net cash provided by operating activities of 1,963 million yen, net cash used in investing activities of 2,659 million yen, and net cash provided by financing activities of 467 million yen.

The cash flow components for the current fiscal year and the main factors for changes are described below.

Cash flows from operating activities

Net cash provided by operating activities amounted to 1,963 million yen, mainly due to profit before income taxes of 1,248 million yen and depreciation of 530 million yen partially offset by an increase in accounts receivable-other of 184 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 2,659 million yen, mainly due to purchase of property, plant and equipment of 2,376 million yen, payments for lease and guarantee deposits of 187 million yen, and payments of construction assistance fund receivables of 66 million yen.

Cash flows from financing activities

Net cash provided by financing activities amounted to 467 million yen, mainly due to proceeds from long-term loans payable of 1,300 million yen partially offset by repayments of long-term loans payable of 756 million yen and redemption of bonds of 79 million yen.

Reference: Cash flow indicators

	FY9/17
Equity ratio (%)	42.5
Market value-based equity ratio (%)	141.0
Interest-bearing debt to cash flow ratio (%)	2.1
Interest coverage ratio (Times)	64.2

- Equity ratio: Shareholders' equity / Total assets

- Market value-based equity ratio: Market capitalization / Total assets

- Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

- Interest coverage ratio: Operating cash flows / Interest expenses

Notes: 1. Market capitalization is calculated by multiplying the closing share price at the period end (or the contract price for the most recent day prior to the period end if there is no applicable contact execution at the period end) by the

- number of shares issued and outstanding (excluding treasury shares) at the period end.
2. Cash flows are calculated using the figures for operating cash flows in the statement of cash flows.
 3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

Previously, we have paid no dividends on our shares of common stock, instead prioritizing proactive capital investments and strengthening financial soundness to expand our business. From now on, however, we will make a decision on whether we should pay dividends by primarily considering the balance between the adequacy of internal reserves and the benefits of distributing profits to our shareholders.

Our basic dividend policy is to distribute profits stably and consistently based on the considerations of expected capital expenditures, financial soundness, earnings prospects, and other factors.

We plan to exploit our internal reserves effectively as a source of funds to open new facilities and make other capital investments with an aim to further expand our business.

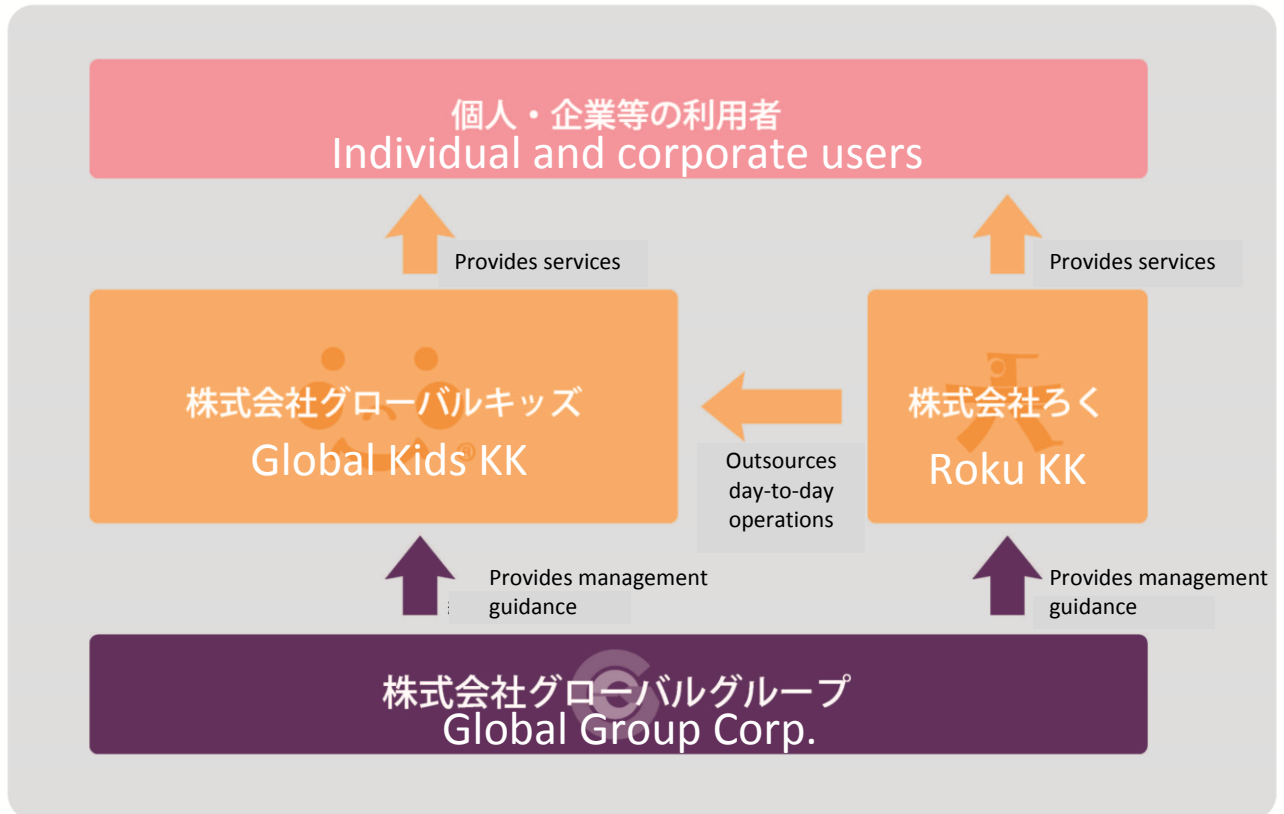
If we decide to pay dividends of surplus, we will in principle make an annual payment as a year-end dividend subject to resolution at a general meeting of shareholders. As the Company is permitted to pay interim dividends as stipulated in the Articles of Incorporation in accordance with Article 454, Paragraph 5 of the Companies Act, we will also consider such payments based on a review of the earnings prospects.

2. Corporate Group

The Group consists of the Company and its two consolidated subsidiaries that engage primarily in the child-rearing support business by operating nursery schools, after-school day care centers, and children houses.

The following diagram shows the business activities of the Group and the positioning of the Company and its affiliated companies in the business.

Business structure diagram



3. Basic Approach to the Selection of Accounting Standards

We adopt Japanese GAAP because most of our stakeholders are shareholders, creditors, users, and business partners located in Japan, and we do not necessarily have to raise funds from overseas capital markets.

4. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Millions of yen)

	FY9/16 (As of Sep. 30, 2016)	FY9/17 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	1,474	1,246
Accounts receivable-other	670	854
Prepaid expenses	253	318
Deferred tax assets	140	208
Other	49	17
Total current assets	2,588	2,645
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,613	8,113
Construction in progress	200	263
Other, net	338	411
Total property, plant and equipment	7,152	8,789
Intangible assets		
Goodwill	1	-
Other	20	22
Total intangible assets	22	22
Investments and other assets		
Investment securities	20	20
Long-term prepaid expenses	577	649
Lease and guarantee deposits	1,137	1,306
Construction assistance fund receivables	318	366
Deferred tax assets	-	12
Other	97	139
Total investments and other assets	2,150	2,495
Total non-current assets	9,325	11,307
Total assets	11,914	13,952

	(Millions of yen)	
	FY9/16	FY9/17
	(As of Sep. 30, 2016)	(As of Sep. 30, 2017)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	665	746
Current portion of bonds	79	35
Accounts payable-other	664	788
Income taxes payable	143	150
Advances received	125	157
Provision for bonuses	325	375
Other	119	218
Total current liabilities	2,124	2,472
Non-current liabilities		
Bonds payable	95	59
Long-term loans payable	2,863	3,325
Net defined benefit liability	-	153
Deferred tax liabilities	1,520	1,905
Other	68	111
Total non-current liabilities	4,547	5,555
Total liabilities	6,671	8,028
Net assets		
Shareholders' equity		
Capital stock	1,250	1,256
Capital surplus	1,938	1,944
Retained earnings	2,054	2,846
Treasury shares	(0)	(0)
Total shareholders' equity	5,242	6,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Remeasurements of defined benefit plans	-	(122)
Total accumulated other comprehensive income	(0)	(122)
Total net assets	5,242	5,924
Total liabilities and net assets	11,914	13,952

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Net sales	10,113	13,155
Cost of sales	8,487	11,053
Gross profit	1,626	2,102
Selling, general and administrative expenses	1,285	1,695
Operating profit	340	407
Non-operating income		
Interest income	3	3
Subsidy income	2,143	1,586
Other	1	4
Total non-operating income	2,148	1,594
Non-operating expenses		
Interest expenses	57	30
Capital expenses	390	451
Other	40	41
Total non-operating expenses	488	523
Ordinary profit	2,000	1,477
Extraordinary losses		
Impairment loss	-	228
Total extraordinary losses	-	228
Profit before income taxes	2,000	1,248
Income taxes-current	153	153
Income taxes-deferred	487	303
Total income taxes	641	457
Profit	1,358	791
Profit attributable to		
Profit attributable to owners of parent	1,358	791
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	-	(122)
Total other comprehensive income	(0)	(122)
Comprehensive income	1,358	668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,358	668
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100	670	696	(43)	1,423
Changes of items during period					
Issuance of new shares	1,150	1,150			2,300
Profit attributable to owners of parent			1,358		1,358
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		117		42	160
Net changes of items other than shareholders' equity					
Total changes of items during period	1,150	1,267	1,358	42	3,819
Balance at end of current period	1,250	1,938	2,054	(0)	5,242

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	-	-	1,423
Changes of items during period			
Issuance of new shares			2,300
Profit attributable to owners of parent			1,358
Purchase of treasury shares			(0)
Disposal of treasury shares			160
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during period	(0)	(0)	3,819
Balance at end of current period	(0)	(0)	5,242

FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	1,250	1,938	2,054	(0)	5,242
Changes of items during period					
Issuance of new shares	6	6			13
Profit attributable to owners of parent			791		791
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	6	6	791	(0)	804
Balance at end of current period	1,256	1,944	2,846	(0)	6,047

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	(0)	-	(0)	5,242
Changes of items during period				
Issuance of new shares				13
Profit attributable to owners of parent				791
Purchase of treasury shares				(0)
Disposal of treasury shares				
Net changes of items other than shareholders' equity	0	(122)	(122)	(123)
Total changes of items during period	0	(122)	(122)	681
Balance at end of current period	0	(122)	(122)	5,924

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Cash flows from operating activities		
Profit before income taxes	2,000	1,248
Depreciation	386	530
Impairment loss	-	228
Amortization of goodwill	3	1
Subsidy income	(2,143)	(1,586)
Increase (decrease) in provision for bonuses	106	50
Increase (decrease) in net defined benefit liability	-	31
Interest and dividend income	(3)	(3)
Interest expenses	57	30
Decrease (increase) in accounts receivable-other	(277)	(184)
Decrease (increase) in prepaid expenses	(24)	(64)
Increase (decrease) in accounts payable-other	185	123
Increase (decrease) in advances received	(87)	31
Other, net	(28)	125
Subtotal	174	564
Interest and dividend income received	0	0
Interest expenses paid	(56)	(31)
Income taxes paid	(65)	(156)
Income taxes refund	-	0
Proceeds from subsidy income	2,143	1,586
Net cash provided by (used in) operating activities	2,196	1,963
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	176	-
Purchase of property, plant and equipment	(2,656)	(2,376)
Purchase of intangible assets	(16)	(8)
Payments for lease and guarantee deposits	(267)	(187)
Proceeds from lease and guarantee deposits received	21	2
Payments of construction assistance fund receivables	(94)	(66)
Collection of construction assistance fund receivables	16	21
Other, net	(96)	(45)
Net cash provided by (used in) investing activities	(2,916)	(2,659)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(467)	-
Proceeds from long-term loans payable	1,352	1,300
Repayments of long-term loans payable	(1,237)	(756)
Redemption of bonds	(89)	(79)
Proceeds from issuance of common shares	2,300	-
Repayments of lease obligations	(7)	(8)
Proceeds from exercise of share options	-	13
Proceeds from disposal of treasury shares	177	-
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	2,026	467
Net increase (decrease) in cash and cash equivalents	1,306	(227)
Cash and cash equivalents at beginning of period	168	1,474
Cash and cash equivalents at end of period	1,474	1,246

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 2

Name of consolidated subsidiaries:

Global Kids K.K.

Roku K.K.

2. Period end of consolidated subsidiaries

The fiscal year of the consolidated subsidiaries ends on the closing date of consolidated financial statements.

3. Accounting policies

(1) Valuation criteria and methods for significant assets

1) Available-for-sale securities

Securities with market quotations

Stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Cost of securities sold is determined by the moving average method.

Securities without market quotations

Moving average cost method.

2) Inventories

Supplies

Stated at cost determined by the first-in and first-out method (the carrying value on the consolidated balance sheet is written down to reflect the effect of lower profit margins).

(2) Depreciation and amortization method for significant depreciable assets

1) Property, plant and equipment (excluding leases assets)

The Company applies the straight-line method.

The useful lives of property, plant and equipment are summarized as follows:

Buildings and structures	6 to 39 years
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2) Intangible assets (excluding leased assets)

The Company applies the straight-line method.

Software for internal use is amortized over an estimated internal useful life of five years.

3) Leased assets

Leased assets associated with finance lease transactions where there is no transfer of ownership

The straight-line method with no residual value is applied over the lease period used as the useful life of the assets.

(3) Accounting for significant allowance

Provision for bonuses

To prepare for the payment of bonuses to employees of the Company and its consolidated subsidiaries, an allowance is provided based on an estimated amount of payment for the current fiscal year.

(4) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefits to periods

In calculation of retirement benefit obligations, the Company uses the benefit formula basis for attributing estimated retirement benefit obligations to the period until the end of the current fiscal year.

2) Amortization of actuarial difference and past service cost

Past service cost is amortized by the straight-line method over a certain period (five years) within the average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized and charged to expense in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over a certain period (five years) within the average remaining years of service of the eligible employees.

(5) Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over a period of five years.

(6) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn on demand, and short-term investments, with maturities of three months or less, that are highly liquid and readily convertible to known amounts of cash and present insignificant risk of change in value.

(7) Other significant matters for preparation of the consolidated financial statements

Accounting for consumption taxes

Consumption taxes are accounted for by the tax-exclusion method. Non-deductible consumption taxes are recorded as expenses in the corresponding fiscal years. However, non-deductible consumption taxes associated with non-current assets are included in long-term prepaid expenses under investments and other assets and amortized over five years by the straight-line method.

Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan Guidance No. 26, March 28, 2016).

Segment and Other Information

Segment information

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

Related information

FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)

1. Information by product or service

Omitted since sales to external customers which account for more than 90% of net sales shown on the consolidated statement of income are derived from a single product or service category.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

(Millions of yen)

Customer name	Net sales	Relevant segment
Yokohama City	2,021	Child-rearing support business

FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)

1. Information by product or service

Omitted since sales to external customers which account for more than 90% of net sales shown on the consolidated statement of income are derived from a single product or service category.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

(Millions of yen)

Customer name	Net sales	Relevant segment
Yokohama City	2,307	Child-rearing support business

Information related to impairment losses on non-current assets for each reportable segment

Omitted since the Group has only a single business segment.

Information related to goodwill amortization and the unamortized balance for each reportable segment

Omitted since the Group has only a single business segment.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Net assets per share	641.84	681.37
Net income per share	179.97	95.22
Diluted net income per share	154.62	87.71

Notes: 1. The Company conducted a 20-for-1 stock split on December 18, 2015. The net assets per share, net income per share and diluted net income per share for FY9/16 have been calculated as if this stock split had taken place at the beginning of FY9/16.

2. The Company's stock was listed on the Tokyo Stock Exchange, Mothers Market on March 18, 2016. Diluted net income per share for FY9/16 has been calculated by using an average stock price during the period between the time of listing and the end of FY9/16.

3. The basis of calculating the net income per share and diluted net income per share is as follows:

	FY9/16 (Oct. 1, 2015 – Sep. 30, 2016)	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)
Net income per share		
Profit attributable to owners of parent (millions of yen)	1,358	791
Amount not attributable to ordinary shareholders (millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (millions of yen)	1,358	791
Average number of shares of common stock outstanding (shares)	7,550,554	8,312,177
Diluted net income per share		
Adjustment to profit attributable to owners of parent (millions of yen)	-	-
Increase in number of shares of common stock (shares)	1,238,040	712,653
[Of which, stock acquisition rights (shares)]	[1,238,040]	[712,653]
Summary of dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

Material Subsequent Events

Not applicable.

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.