

**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending September 30, 2018**  
**(Three Months Ended December 31, 2017)**

**[Japanese GAAP]**

February 13, 2018

Company name: Global Group Corp.

Stock Exchange Listing: TSE (1st section)

Securities code: 6189

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Scheduled date of filing of Quarterly Report:

February 14, 2018

Scheduled date of payment of dividend:

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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 First Quarter of the Fiscal Year Ending September 30, 2018**  
**(October 1, 2017 to December 31, 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	%
Three months ended Dec. 31, 2017	3,968	40.3	29	(72.2)	11	(94.1)	(25)	-
Three months ended Dec. 31, 2016	2,827	34.8	106	12.2	192	181.8	133	124.8

Note: Comprehensive income (million yen)

Three months ended Dec. 31, 2017: 11 (down 91.4%)

Three months ended Dec. 31, 2016: 133 (up 124.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Dec. 31, 2017	(2.86)	-
Three months ended Dec. 31, 2016	16.32	14.18

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2017	15,736	5,936	37.7
As of Sep. 30, 2017	13,952	5,924	42.5

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2017:

5,936

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	-				
Fiscal year ending Sep. 30, 2018 (forecast)		0.00	-	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	16,245	23.5	278	(31.7)	1,339	(9.4)	855	8.0	98.32

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 Dec. 31, 2017:	8,746,360 shares	As of Sep. 30, 2017:	8,695,360 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2017:	128 shares	As of Sep. 30, 2017:	128 shares
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3) Average number of shares issued during the period

Three months ended Dec. 31, 2017:	8,720,091 shares	Three months ended Dec. 31, 2016:	8,168,480 shares
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\* The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first quarter 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 increasing number 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.

As of the end of the period under review, Global Group Corp. (hereinafter, “the Company”) and its consolidated subsidiaries (hereinafter collectively, “the Group”) operate a total of 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. Additionally, we plan to open 17 new nursery facilities mainly in Tokyo in April 2018.

Consequently, the Group reported net sales for the period under review of 3,968 million yen (up 40.3% year-on-year) with operating profit of 29 million yen (down 72.2% year-on-year), ordinary profit of 11 million yen (down 94.1% year-on-year), and loss attributable to owners of parent of 25 million yen (compared with profit attributable to owners of parent of 133 million yen for the same period of the previous fiscal year).

### (2) Explanation of Financial Position

#### Assets

Total assets amounted to 15,736 million yen at the end of the period under review, an increase of 1,783 million yen over the end of the previous fiscal year.

Current assets increased 1,438 million yen to 4,084 million yen. This was mainly attributable to increases of 1,069 million yen in cash and deposits as a result of borrowings and 231 million yen in accounts receivable-other.

Non-current assets increased 345 million yen to 11,652 million yen. This was mainly attributable to an increase of 626 million yen in construction in progress due to preparation for opening of new nursery schools in April.

#### Liabilities

Total liabilities amounted to 9,799 million yen at the end of the period under review, an increase of 1,771 million yen over the end of the previous fiscal year.

Current liabilities increased 2,043 million yen to 4,516 million yen. This was attributable to drawdown of short-term borrowings to prepare for opening of new nursery schools.

Non-current liabilities decreased 272 million yen to 5,283 million yen. This was mainly attributable to a decrease of 186 million yen in long-term loans payable.

#### Net assets

Net assets increased 12 million yen at the end of the period under review to 5,936 million yen. This was mainly due to a decrease of 25 million yen in retained earnings, which was more than offset by an increase of 36 million yen in remeasurements of defined benefit plans.

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

The Company maintains its consolidated forecasts for the fiscal year ending September 30, 2018 that was announced on November 13, 2017.

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

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	First quarter of FY9/18 (As of Dec. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	1,246	2,315
Accounts receivable-other	854	1,086
Prepaid expenses	318	476
Deferred tax assets	208	183
Other	17	21
Total current assets	2,645	4,084
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,113	7,990
Construction in progress	263	889
Other, net	411	395
Total property, plant and equipment	8,789	9,275
Intangible assets		
Other	22	21
Total intangible assets	22	21
Investments and other assets		
Investment securities	20	20
Long-term prepaid expenses	649	653
Lease and guarantee deposits	1,306	1,319
Construction assistance fund receivables	366	361
Deferred tax assets	12	-
Other	139	0
Total investments and other assets	2,495	2,355
Total non-current assets	11,307	11,652
Total assets	13,952	15,736
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	-	2,000
Current portion of long-term loans payable	746	746
Current portion of bonds	35	35
Accounts payable-other	788	1,123
Income taxes payable	150	28
Advances received	157	216
Provision for bonuses	375	188
Other	218	176
Total current liabilities	2,472	4,516
Non-current liabilities		
Bonds payable	59	41
Long-term loans payable	3,325	3,139
Net defined benefit liability	153	129
Deferred tax liabilities	1,905	1,865
Other	111	108
Total non-current liabilities	5,555	5,283
Total liabilities	8,028	9,799

	(Millions of yen)	
	FY9/17 (As of Sep. 30, 2017)	First quarter of FY9/18 (As of Dec. 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	1,256	1,257
Capital surplus	1,944	1,945
Retained earnings	2,846	2,820
Treasury shares	(0)	(0)
Total shareholders' equity	6,047	6,023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Remeasurements of defined benefit plans	(122)	(86)
Total accumulated other comprehensive income	(122)	(86)
Total net assets	5,924	5,936
Total liabilities and net assets	13,952	15,736

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**(For the Three-month Period)**

(Millions of yen)

	First three months of FY9/17 (Oct. 1, 2016 – Dec. 31, 2016)	First three months of FY9/18 (Oct. 1, 2017 – Dec. 31, 2017)
Net sales	2,827	3,968
Cost of sales	2,338	3,514
Gross profit	489	453
Selling, general and administrative expenses	382	424
Operating profit	106	29
Non-operating income		
Interest and dividend income	0	3
Subsidy income	113	-
Other	2	1
Total non-operating income	116	4
Non-operating expenses		
Interest expenses	7	9
Capital expenses	22	-
Listing expenses	-	13
Other	-	0
Total non-operating expenses	30	23
Ordinary profit	192	11
Profit before income taxes	192	11
Income taxes	59	36
Profit (loss)	133	(25)
Profit (loss) attributable to		
Profit (loss) attributable to owners of parent	133	(25)
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	-	36
Total other comprehensive income	(0)	36
Comprehensive income	133	11
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	133	11
Comprehensive income attributable to non-controlling interests	-	-

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

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.

**Material Subsequent Events**

## 1. Introduction of Restricted Stock Compensation Plan

The Company has resolved to issue new shares (hereinafter, "the Issuance of New Shares") of restricted stock as compensation at the meeting of the Board of Directors held on December 19, 2017. Payments related to the issuance were completed accordingly on January 16, 2018.

## (1) Outline of the issuance

1) Payment date	January 16, 2018
2) Class and number of shares to be issued	6,711 shares of common stock of the Company
3) Issue price	1,841 yen per share
4) Total value of shares to be issued	12,354,951 yen
5) Method of offer or allotment	Allotment of restricted stock
6) Method of contribution	In-kind contribution of monetary compensation receivables
7) Allottees, number thereof, and number of shares to be allotted	Two Directors of the Company: 2,611 shares Eight comprised of Directors, Executive Officers and employees of the Company's subsidiaries: 4,100 shares
8) Transfer restriction period	From January 16, 2018 to January 15, 2019
9) Other	The Company has submitted the Securities Registration Statement regarding the Issuance of New Shares in accordance with the Financial Instruments and Exchange Act.

## (2) Purpose of and reasons for issuance

At the meeting of the Board of Directors held on September 22, 2017, the Company resolved to change the management structure to further strengthen the Company's management and governance systems with eyes focused on addressing possible changes in business environment going forward and ensuring the Company's growth in such changing environment. In addition, at the meeting of the Board of Directors held on November 29, 2017, a resolution was passed to introduce a restricted stock compensation plan (hereinafter, "the Plan"). Under the Plan, restricted stock will be granted as an incentive to raise awareness of Directors of the Company (excluding Outside Directors) on contributing to enhancing the business performance and the corporate value, along with an aim to furthering shared value with the shareholders. At the Second Annual Shareholders' Meeting held on December 19, 2017, the resolution was approved to pay Directors of the Company (excluding Outside Directors) monetary compensation receivables in the amount 50 million yen or less per year (excluding the employee salary portion of Directors serving concurrently as employees) as monetary compensation that will be contributed to acquire the restricted stock under the Plan. Further, at the meeting of the Board of Directors held on December 19, 2017, a resolution was passed that Directors, Executive Officers and employees of the Company's subsidiaries were also included in those eligible for the Plan.

## 2. Issuance of Share Options for Subscription (Stock Options for Value)

At the meeting of the Board of Directors held on December 19, 2017, the Company resolved to issue share options to Directors and Audit & Supervisory Board Members of the Company and to Directors and employees of the Company's subsidiaries pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act. Share options have been granted as follows:

### (1) Purpose of and reasons for subscription of the share options

The Group will be issuing share options for value to Directors and Audit & Supervisory Board Members of the Company and to Directors and employees of its subsidiaries with the objective to further motivate and increase their morale and to further enhance the Group's solidarity in aims to enhance the medium- to long-term business performance and corporate value.

If all of these share options are exercised, the resulting increase in the number of shares of the Company's common stock will be equivalent to 8.4% of the total number of shares issued. However, exercise of these share options is conditioned on the achievement of predetermined performance targets. Since the Company recognizes that achieving such targets will contribute to the enhancement of both corporate and shareholder values thereby contributing to the benefit of our shareholders, the effect of share dilution is considered to be within a reasonable range.

### (2) Summary of the share options to be issued

#### 1) Number of share options

8,000 units

#### 2) Issue price

2,400 yen per each unit of the share options

#### 3) Class and number of shares to which the share options apply

800,000 shares of common stock

#### 4) Exercise price

1,841 yen

#### 5) Exercise period

January 1, 2021 to December 31, 2024

#### 6) Matters concerning the amount of capital stock and capital reserve

(a) The amount of capital stock increased by the issuance of shares as a result of exercise of the share options shall be one-half of the maximum limit of the capital stock increase as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Rules of Corporate Accounting. Any fraction of less than one yen arising from such calculation shall be rounded up to the nearest yen.

(b) The amount of capital reserve increased by the issuance of shares as a result of exercise of share options shall be the amount obtained by deducting the amount of capital stock to be increased as provided in (a) above from the maximum limit of the capital stock increase as also provided in (a) above.

#### 7) Restriction of transfer

Acquisition of the share options by transfer shall require approval based on the resolution of the meeting of the Board of Directors of the Company.

#### 8) Terms and conditions of the exercise of share options

(a) Holders of the share options may exercise their allotted portion within the limit of ratio set forth below (hereinafter, "the Exercisable Ratio"), if EBITDA (which is the amount calculated by adding depreciation and amortization of goodwill to operating profit) of fiscal years ending on September 30, 2020, 2021 and 2022 meet the conditions also set forth below. Options may be exercised from the first day of the month that follows filing of the Annual Securities Report that covers the period when below EBITDA criteria were achieved. If the number of exercisable share options includes any fraction of less than one unit, such fraction shall be rounded down.

i) If EBITDA for the year ending on September 30, 2020 exceeds 1,500 million yen, the Exercisable Ratio will be 25% of the total share options allotted.

ii) If EBITDA for the year ending on September 30, 2021 exceeds 1,750 million yen, the Exercisable Ratio will be 50% of the total share options allotted.

iii) If EBITDA for the year ending on September 30, 2022 exceeds 2,100 million yen, the Exercisable Ratio will be 100% of the total share options allotted.

Above EBITDA shall be calculated based on operating profit as presented in the consolidated statement of income

(where no consolidated statement of income is prepared, then a non-consolidated statement of income), depreciation and amortization of goodwill as presented in the consolidated statement of cash flows (where no consolidated statement of cash flows is prepared, then a non-consolidated statement of cash flows) contained in the Annual Securities Report. If any significant changes are made to the concept of items to refer to in the computation as a result of application of International Financial Reporting Standards or other reasons, the Board of Directors shall separately decide on indicators to refer to.

- (b) Notwithstanding the provisions in item (a) above, if EBITDA for the year ending September 30, 2018 falls below 800 million yen, holders of the share options may not exercise such options.
- (c) A holder of the share options must be Director, Audit & Supervisory Board Member, or an employee of the Company or its affiliated companies at the time of exercise of the share options, unless such a share option holder has retired due to expiration of term of office, mandatory retirement, or has any other reasons deemed justifiable by the Board of Directors.
- (d) No heir of a holder of the share options shall be permitted to exercise such options.
- (e) If the total number of issued shares of the Company exceeds the total number of authorized shares as a result of the exercise of the share options, holders may not exercise the share options.
- (f) Any fraction less than one unit of the share options may not be exercised.

9) Allotment date of the share options

January 12, 2018

10) Allottees, number thereof, and number of units to be allotted

Four Directors of the Company:	3,350 units
Two Audit & Supervisory Board Members of the Company:	150 units
One Director of the Company's subsidiary:	500 units
49 employees of the Company's subsidiary:	4,000 units

*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.*