



JP HOLDINGS GROUP
<https://www.jp-holdings.co.jp/>

TSE1 (2749)

Financial Results for the 2Q of Fiscal Year ending March 2022

JP-HOLDINGS, INC.

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APPENDIX



JP HOLDINGS GROUP



JP HOLDINGS GROUP

1

Outline of JP Holdings, and its Efforts to Attain SDGs

Every activity is for children's smiles



株式会社JPホールディングス

Leading company in the child-raising support business

JP Holdings Group is a leading company in the child-raising support business, and operates childcare support facilities, including nursery schools, school clubs, and children's houses.

JP Holdings Group was founded in 1993, and started childcare business by establishing a day-care center for children of our employees so that they can work without worry. As joint-stock corporations were allowed to do nursery business in 2000, we first spread safe, reliable childcare services nationwide, while being supported by various people.

Group companies include Japan Nursery Service Inc., Amenity Life Inc., J Kitchen Inc., which cooks meals for nursery schools, J Cast Inc., which offers classes in English, gymnastics, and eurhythmics for childcare support facilities, J Planning Sale Inc., which plans and sells childcare-related goods, and Japan Nursery Institute for General Research Inc., which conducts training and research about childcare and support for development. These subsidiaries are managed and supervised by JP Holdings, Inc.



Social issues to be solved with our business	Related SDGs	Major activities
<p>Childcare support</p>	<p>Improve the quality of childcare support Reduce the number of children on waiting lists</p>	<ul style="list-style-type: none"> •Promotion of high-quality childcare support •Establishment of new facilities for decreasing the number of children on waiting lists •Development and provision of online childcare while grasping changes in the social environment •Safe, reliable facilities and operation •Provision of nutritious lunch for maintaining health •Enrichment of support for child development
<p>Educational support</p>	<p>Offer high-quality early childhood learning</p>	<ul style="list-style-type: none"> •Development and enrichment of educational programs (English, exercise, eurhythmics and dancing) •Development and promotion of online education <p>Development of programs for early childhood learning at home in response to changes in the social environment</p> <ul style="list-style-type: none"> •Provision of early childhood learning opportunities
<p>Partnership</p> <p>To help solve social issues based on the partnership with stakeholders</p>		<p>17 パートナーシップで目標を達成しよう</p>



Social issues to be solved with our corporate activities		Related SDGs	Major activities
Personnel development	Improvement in expertise and actualization of independent career development		<ul style="list-style-type: none"> Promotion of work style reform Enrichment of training structure Career paths and job rotation
Empowerment of women	Actualization of diversity-minded workplaces		<ul style="list-style-type: none"> Workstyles tailored to lifestyles Systems for childbirth, childcare, and nursing care Development of a proper business environment
Human rights and D&I*1	Actualization of diverse workstyles		<ul style="list-style-type: none"> Utilization of diverse human resources and sound business administration Development and production of female leaders
Social contribution to local communities	Creation of a childcare environment		<ul style="list-style-type: none"> Promotion of childcare support in local areas Promotion of employment Promotion of prevention of abuse
Earth environment	Contribution to a sustainable earth environment		<ul style="list-style-type: none"> Creation of environmentally sound facilities Reduction of CO₂ emissions by installing LED lighting Reduction of food loss and waste
×			
Partnership	To help solve social issues based on the partnership with stakeholders		

*1: Diversity & inclusion (To create something new by utilizing different experiences and accepting differences)

◎As a mission of an enterprise that operates childcare support business, we will approach impoverished households and take measures for preventing child abuse, which are social problems.

•We will discuss various measures for raising and donating funds, and determine and actively promote “activities” and “initiatives” for the future of children.

(In December 2020 and May 2021, we conducted the “support for single-parent households.”)

No poverty



Prevention of child abuse



Our Brand Development Efforts

Corporate identity activities essential for brand development

- ▶ Renewal of our management philosophy
- ▶ Formulation of our childcare philosophy and child-rearing philosophy
- ▶ Renewal of our credo
- ▶ Production of CI manuals
- ▶ Setting of signboards for nursery schools

Differentiation from other companies

- ▶ Attractive points of JPHD Group
- ▶ Childcare/child-rearing activities
- ▶ Development of new programs
- ▶ Collaborative research between industry and academia

Broad dissemination in society

Reform of staff's awareness

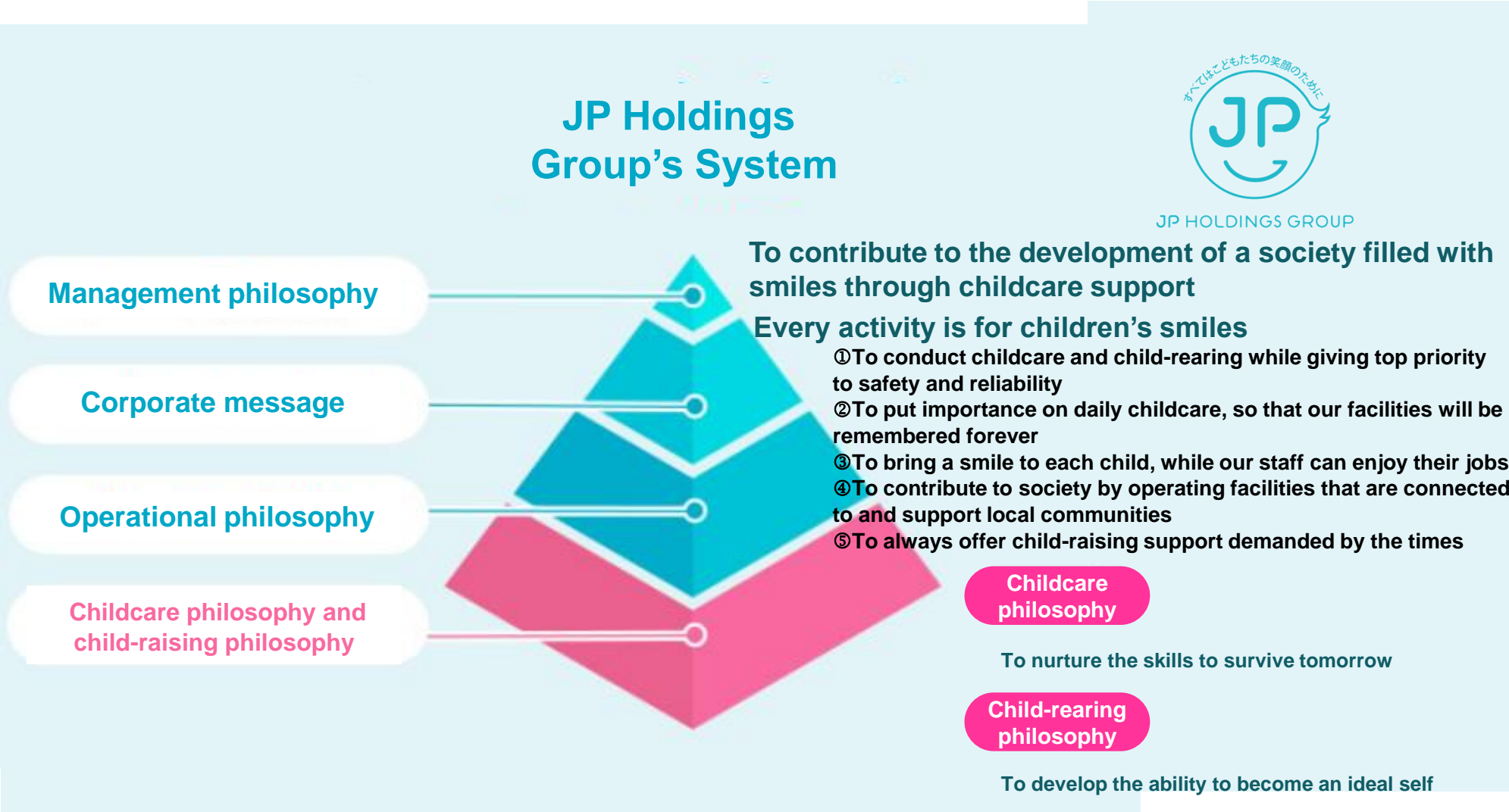


Development of nursery schools and facilities that would be selected by customers



Renewal of our Management Philosophy and Corporate Message

- To renew our management philosophy and operational philosophy, and produce a new corporate message
- Under the new philosophies, we will improve our child-raising support business based on the cooperation with local communities.





JP HOLDINGS GROUP

2

2Q FY3/22 Results

Summary of the 1st Half of FY3/22

Our digitalization measures paid off, and the number of children accepted increased and our revenues improved considerably.

Measures		Outcomes	Issues to be addressed
1	Develop nursery schools and facilities that would be selected by customers	<ul style="list-style-type: none"> •Online facility tours •Improvement of the environment of each nursery school •Implementation of digitalization programs (English, gymnastics, eurhythmics, and dance) •Enrichment of early childhood learning programs •Start of the support business by visiting nursery schools 	<ul style="list-style-type: none"> •The capability of disseminating information needs to be improved. Cooperation with municipalities, approach to guardians, collaboration with local communities
2	Improve profitability at childcare support facilities Enhance the cooperation between nursery schools and school clubs	<ul style="list-style-type: none"> •Significant improvement in income and expenditure through the setting of KPIs •Proper allocation of personnel and streamlining of operation •Undertook the operation of more school clubs (increasing our dominance) 	<ul style="list-style-type: none"> •To eliminate regional disparities •To receive more subsidies
3	Actualize a compact head office	<ul style="list-style-type: none"> •Restructuring of businesses inside our corporate group Integration of group businesses and centralization of head office •Removal of unnecessary tasks and proper allocation of head office personnel through systematization •Development of next-generation leaders (improvement of training) 	<ul style="list-style-type: none"> •To review business operations in order to further streamline them •To curtail labor expenses through proper allocation of personnel
4	Implement growth strategies	<ul style="list-style-type: none"> •Enrichment of the early childhood learning program and integration of procurement processes based on the business alliance with Gakken HD •Promotion of the platform business New business based on the membership system 	<ul style="list-style-type: none"> •To expand the business scale other than subsidies •To put demonstrations and experiments into practice

JP2Q FY3/22 Results

Sales and profit grew, thanks to the effects of various measures and the curtailment of expenses, despite the augmentation of costs caused by special factors.

Net sales: Net sales grew due to the increase of children accepted after the opening of new facilities and the implementation of various measures, mainly for digitalization.

Operating income: Operating income rose thanks to the expansion of net sales and the curtailment of expenses, despite of an increase in accrued bonuses reflecting a change in the eligible period for bonuses due to the adoption of a new personnel system and an increase in expenses related to the new system introduction.

Net income*1: Net income rose thanks to the improvement of profitability, the implementation of measures, mainly for digitalization, and curtailment of expenses, although some special factors augmented expenses.

(Million yen)	2Q FY3/21	2Q FY3/22	Change	Pct. change	Progress rate to business forecasts	Business forecasts
Net sales	16,262	16,814	552	3.4%	49.6%	33,900
Gross profit	2,437	2,665	228	9.4%		
SG&A expenses	1,498	1,570	71	4.8%		
Operating income	938	1,095	156	16.7%	40.1%	2,730
Ordinary income	955	1,111	156	16.3%	40.3%	2,760
Net income attributable to owners of parent	551	708	157	28.6%	40.2%	1,760
Net income per share	6.30 yen	8.11 yen	1.81 yen	28.7%	—	20.12 yen
Shareholders' equity ratio (End of fiscal year for the previous year)	33.7%	31.4%	△2.3%	—		

*1: Net income represents “Net income attributable to owners of parent.”

*2: We changed the presentation methods, to include subsidy income for childcare business, which had been posted in non-operating income, in “Net sales” from the first quarter of the current fiscal year.

Upward Revision of the Business Forecasts for FY3/22

Growth in sales and profit thanks to new measures based on digital technologies and curtailment of expenses

New measures

•Revenues are expected to grow, as we will conduct facility tours by utilizing digital technologies and programs for learning English, gymnastics, eurhythmics and dance online amid the COVID-19 pandemic, adopt new early childhood learning programs, implement online exchange programs with overseas people, and so on, to develop “nursery schools and facilities that would be selected by customers.”

Curtailment of expenses Improvement in profitability

•Profit is expected to rise, thanks to the improvement in profitability at each facility by efficient operation through reallocation of personnel at each facility and review of recruitment activities as well as to the curtailment of expenses through the review of the ordering system for various supplies and equipment.

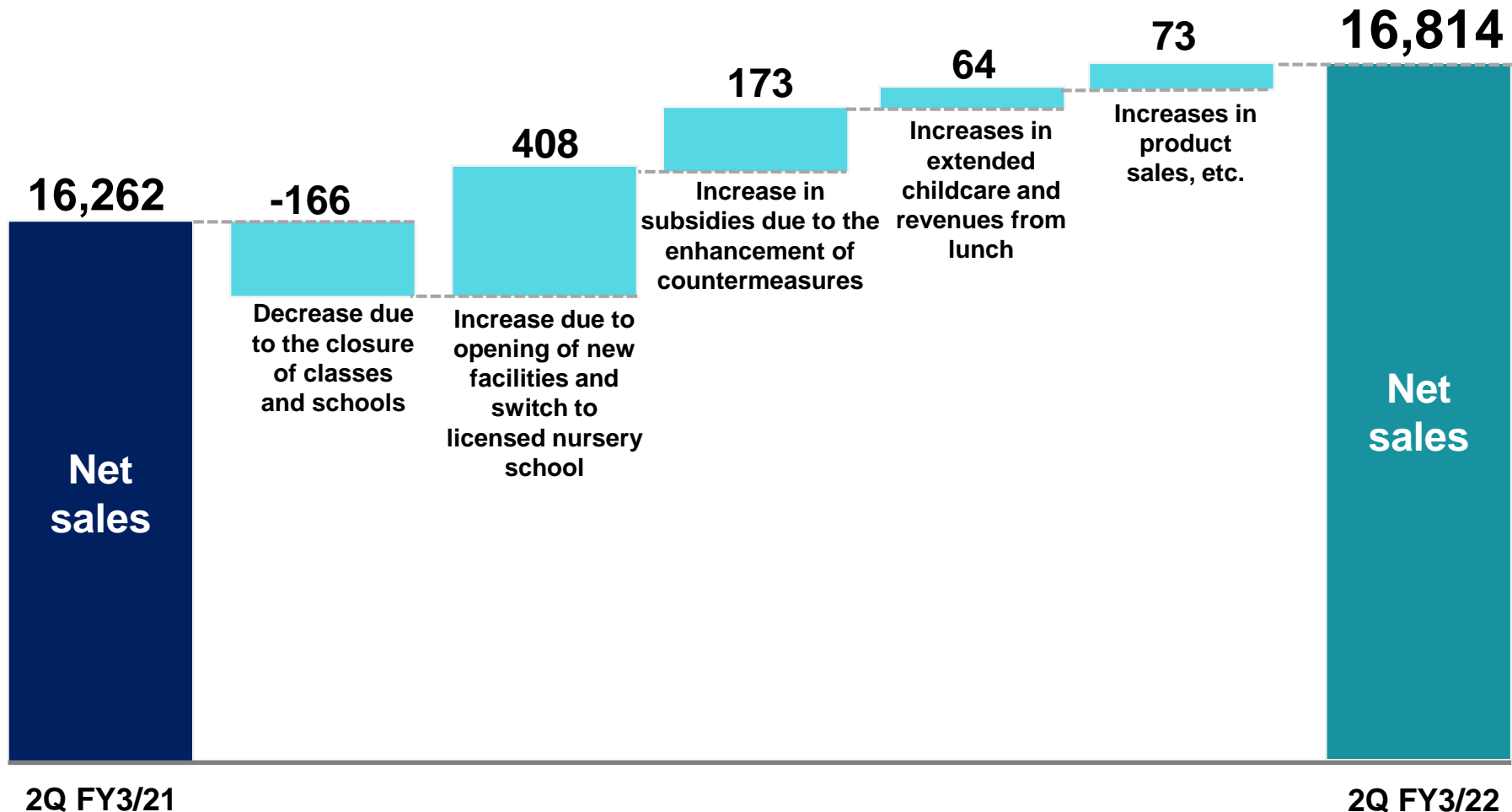
(Million yen)	Revised forecasts	Change from the previous forecasts	Change from the previous term	Previous forecasts	Results in the previous term
Net sales	33,900	0.6%	1.2%	33,700	33,500
Operating income	2,730	18.7%	-4.5%	2,300	2,857
Ordinary income	2,760	20.0%	-6.4%	2,300	2,947
Net income attributable to owners of parent	1,760	21.4%	227.4%	1,450	537
Net income per share	20.12 yen	3.54 yen	13.97 yen	16.58 yen	6.15 yen

*1: We changed the presentation methods, to include subsidy income for childcare business, which had been posted in non-operating income, in “Net sales” from the first quarter of the current fiscal year.

2Q FY3/22 Factors for Changes in Net Sales

Net sales

At the beginning of the term, the number of children accepted decreased due to the spread of COVID-19, but sales grew, as we conducted facility tours and programs online by utilizing digital technologies and opened new facilities.

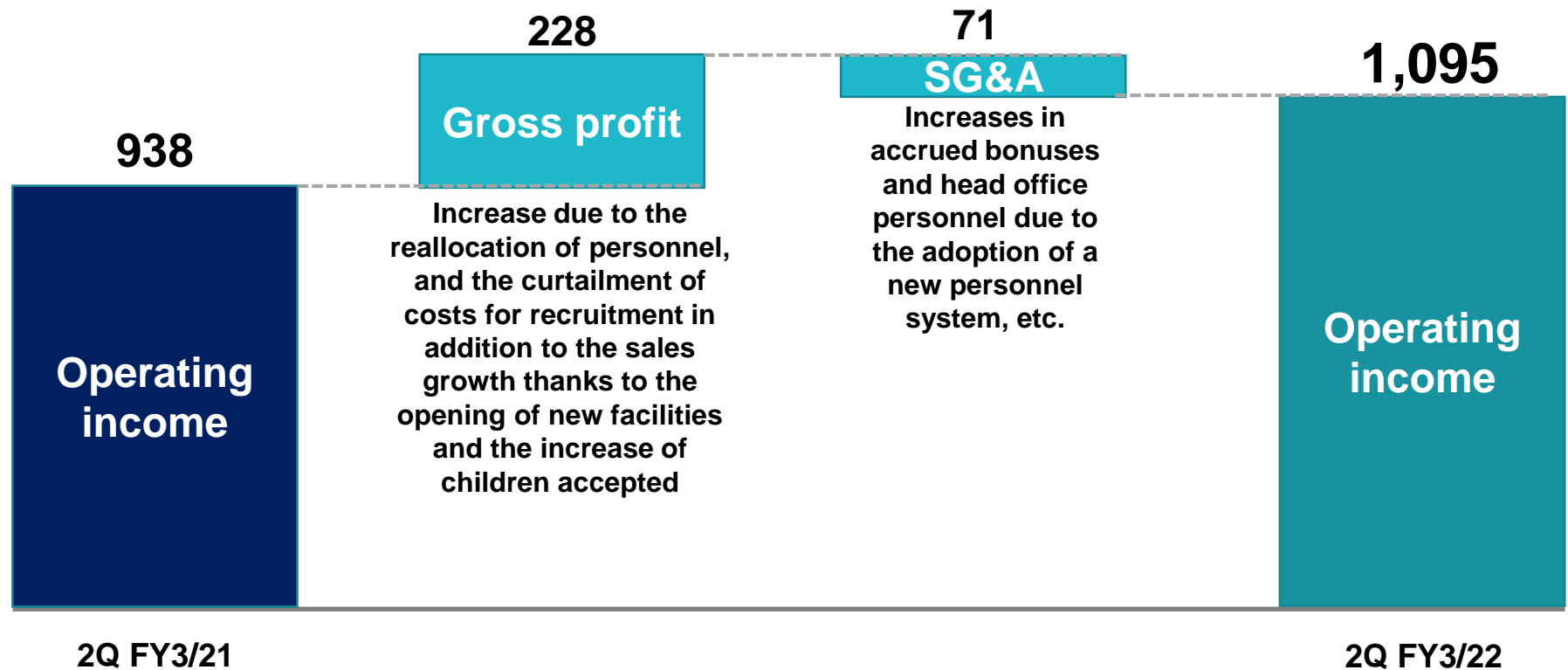


(Unit: million yen/Rounded down to the nearest million yen)

2Q FY3/22 Factors for Changes in Operating Income

Operating income

Although expenses augmented due to special factors, including an increase in accrued bonuses reflecting a change in the eligible period for bonuses after the adoption a new personnel system and an increase in expenses related to the new system introduction, sales increased after the opening of new facilities, and expenses were curtailed through reallocation of personnel at each facility and the review of recruitment activities. As a result, operating income grew.

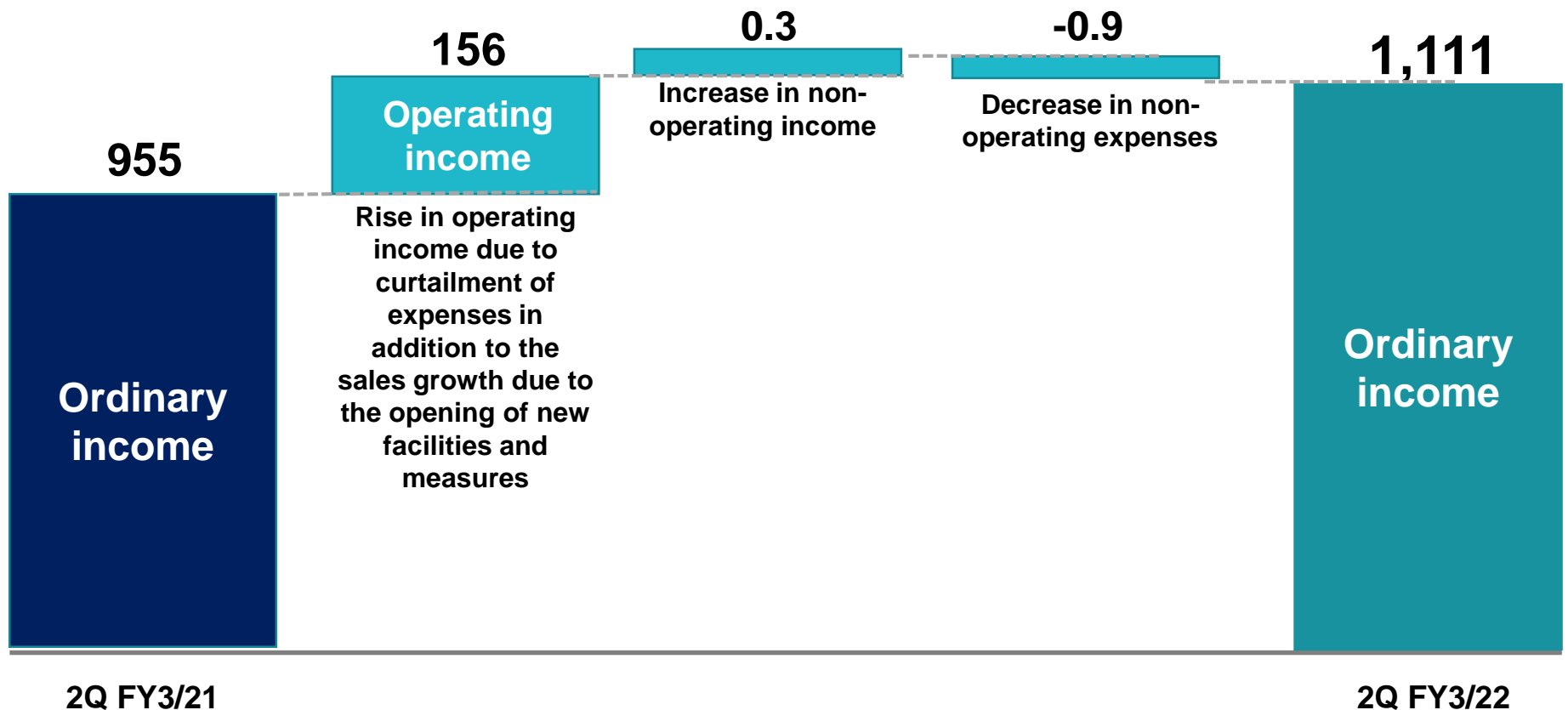


(Unit: million yen/Rounded down to the nearest million yen)

2Q FY3/22 Factors for Changes in Ordinary Income

Ordinary income

Ordinary income grew considerably, thanks to the sales growth due to the increase of children accepted after the opening of new facilities and the implementation of measures mainly for digitalization, efficient operation, and curtailment of expenses.

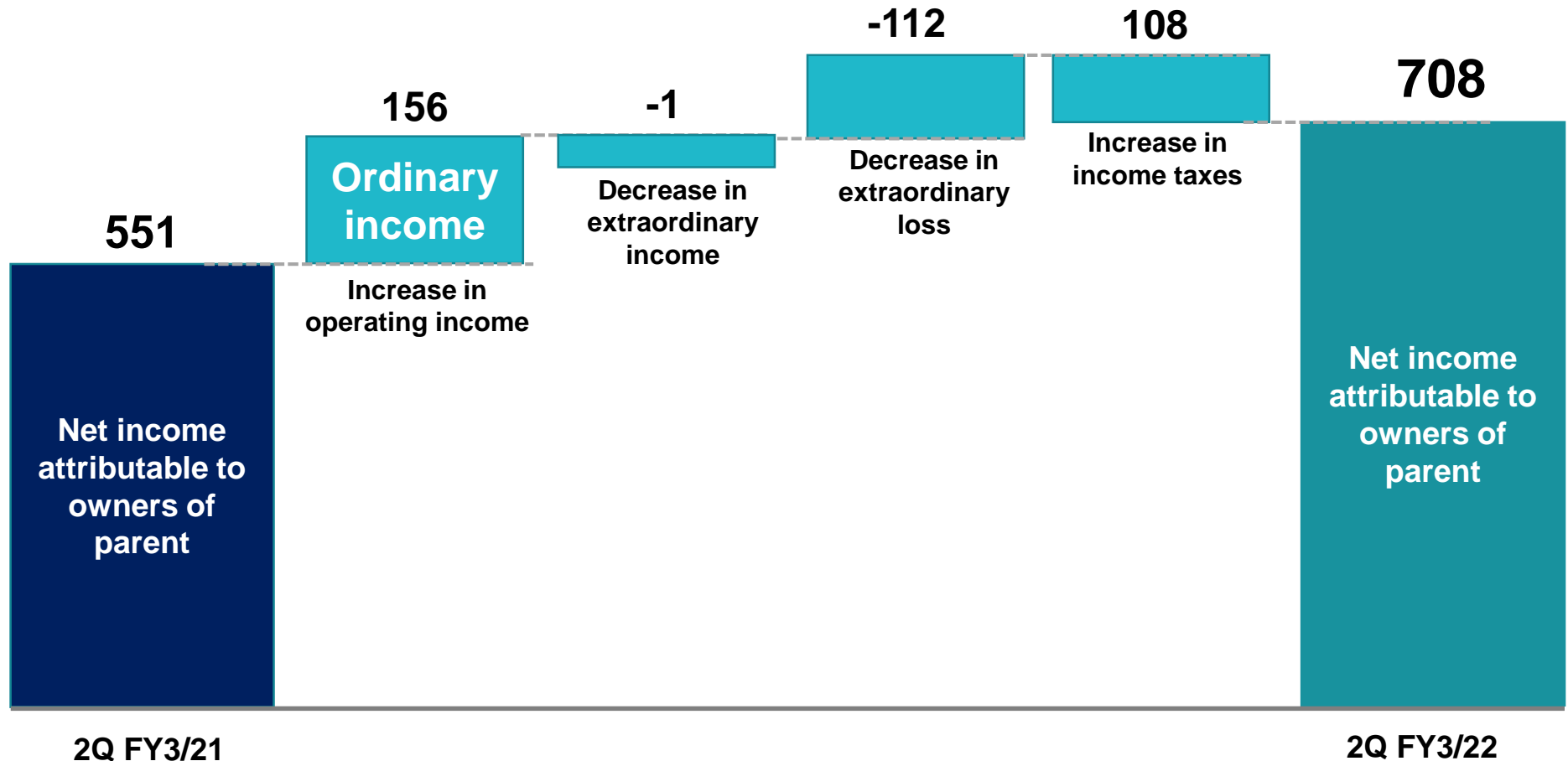


(Unit: million yen/Rounded down to the nearest million yen)

2Q FY3/22 Factors for Changes in Net Income

Net income attributable to owners of parent

Net income attributable to owners of parent increased significantly, thanks to the increase of children accepted after the opening of new facilities and the implementation of measures mainly for digitalization, and efforts to curtail expenses, despite the augmentation of costs caused by special factors in the current term.



(Unit: million yen/Rounded down to the nearest million yen)

2Q FY3/22 Consolidated Results (Financial Position)

Increase of cash on hand, due to the augmentation of borrowing for coping with the spread of COVID-19

Financial condition

End of September 2021

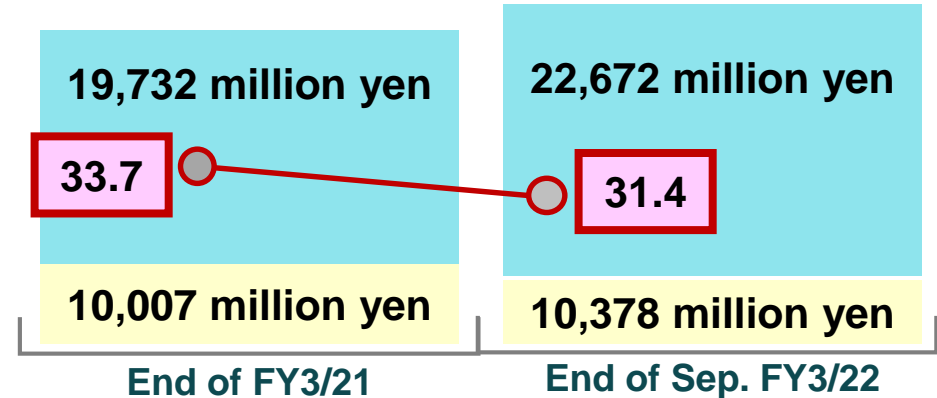
*() = Difference with the end of March 2021

Assets 33,051 million yen (+3,310 million yen)	Liabilities 22,672 million yen (+2,939 million yen)
	Net assets 10,378 million yen (+371 million yen)

Million yen	End of Mar. 2021	End of Sep. 2021
Current assets	15,139	19,276
Fixed assets	14,601	13,774
Total assets	29,740	33,051
Current liabilities	7,829	8,138
Fixed liabilities	11,903	14,533
Total liabilities	19,732	22,672
Total net assets	10,007	10,378

Liabilities, Net Assets, Shareholders' Equity Ratio

■ Liabilities ■ Net Assets ● Shareholders' Equity Ratio (%)



Cash and deposits	15,890 million yen
Inventory assets	43 million yen
Accounts receivable-other	2,491 million yen
Construction in progress	1 million yen

Current portion of long-term loans-payable	3,936 million yen
Accounts payable	1,226 million yen
Income taxes payable	356 million yen
Long-term loans payable	13,009 million yen

Retained earnings	7,546 million yen
Accumulated other comprehensive income	-113 million yen

(Figures are rounded down to the nearest million yen, and the equity ratio is rounded off to the nearest first decimal point place.)

2Q FY3/22 Consolidated Results (Balance Sheet)

	End of FY3/21 (Million yen)	2Q FY3/22 (Million yen)	Change (Million yen)
Total current assets	15,139	19,276	4,137
(Cash and deposits)	11,020	15,890	4,869
(Accounts receivable-other)	3,009	2,491	-518
Total fixed assets	14,601	13,774	-826
(Total tangible fixed assets)	6,701	6,073	-627
(Total intangible fixed assets)	214	192	-21
(Total Investments and other assets)	7,685	7,508	-177
Total assets	29,740	33,051	3,310
Total current liabilities	7,829	8,138	309
(Current portion of long-term loans-payable)	3,307	3,936	628
(Accounts payable)	1,634	1,226	-408
Total fixed liabilities	11,903	14,533	2,630
(Long-term loans payable)	10,305	13,009	2,703
Total liabilities	19,732	22,672	2,939
Total net assets	10,007	10,378	371
Total liabilities and net assets	29,740	33,051	3,310

(Rounded down to the nearest million yen)

2Q FY3/22 Consolidated Results (Cash Flows)

Operating CF: Increase in pretax profit, depreciation and amortization, and accrued bonuses

Investing CF: Growth of revenues from subsidies and collection of long-term loans receivable, and expenditure for acquiring property, plant and equipment

Financing CF: Augmentation of long-term loans payable for coping with the effects of COVID-19

(Million yen)	2Q FY3/21	2Q FY3/22	Change
Cash flows from operating activities	1,107	1,588	480
Cash flows from investing activities	442	287	-155
Free cash flow	1,549	1,875	326
Cash flows from financing activities	759	2,994	2,235
Cash and cash equivalents at end of period	8,515	15,890	7,375

(Rounded down to the nearest million yen)



JP HOLDINGS GROUP

FY3/22 Forecast

Upward Revision of the Previous Earnings Forecasts

● Our company adopted digital technologies actively compared with competitors.

▷ Online facility tours, online learning programs such as English, gymnastics, eurhythmics and dance, online international exchange programs and enrichment of early childhood learning program

● To actively develop nursery schools and facilities that would be selected by customers, to increase the children accepted not only for the current fiscal year, but also for the next fiscal year

● Net sales: **Up 0.6%**

Previous forecasts: 33,700 million yen → 33,900 million yen

● Operating income: **Up 18.7%**

Previous forecasts: 2,300 million yen → 2,730 million yen

● Ordinary income: **Up 20.0%**

Previous forecasts: 2,300 million yen → 2,760 million yen

● Net income attributable to owners of parent: **Up 21.4%**

Previous forecasts: 1,450 million yen → 1,760 million yen



Dance program



International exchange program



Education on agriculture

FY3/22 Forecast

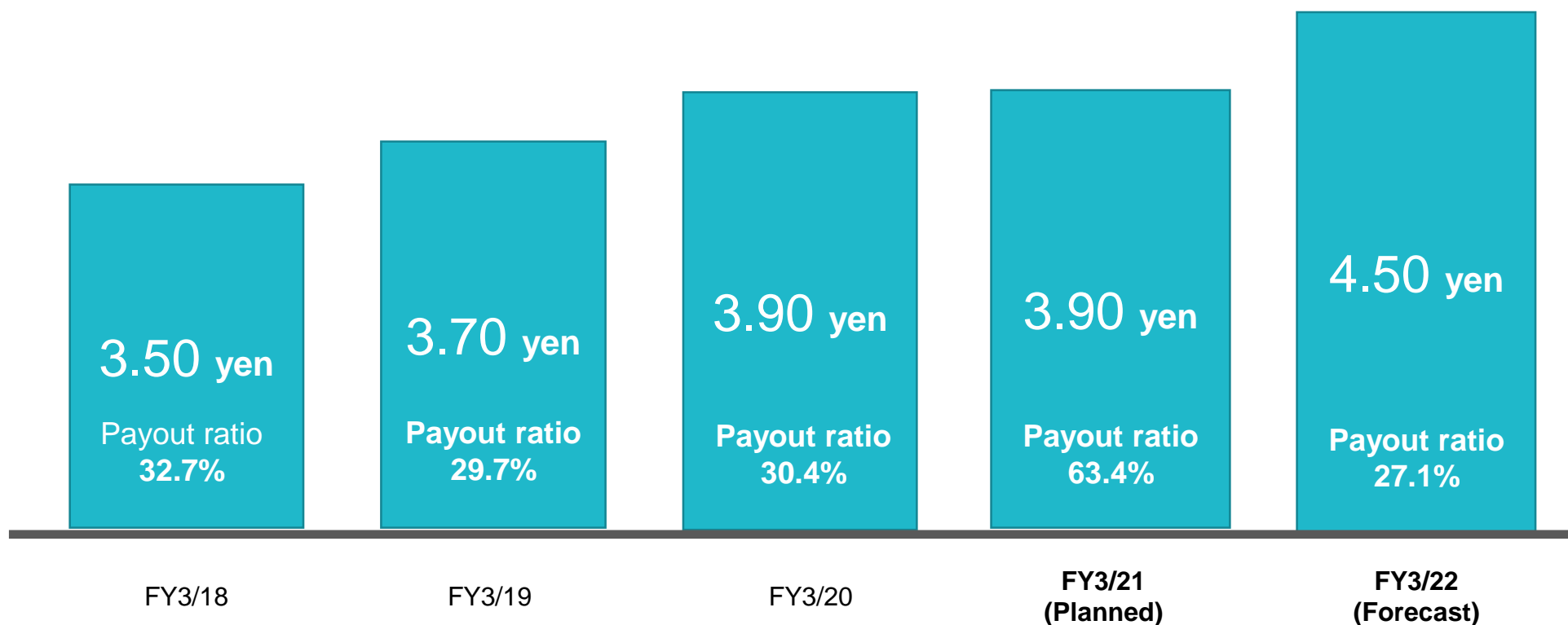
	FY3/21 actual	Previous forecast for FY3/22	Revised forecast for FY3/22	Difference between revised forecast and previous results	Difference between revised and initial forecast
Net sales (million yen)	33,500	33,700	33,900	400	400
Operating income (million yen)	2,857	2,300	2,730	-127	430
Ordinary income (million yen)	2,947	2,300	2,760	-187	-
Net income attributable to owners of parent (million yen)	537	1,450	1,760	1,223	-
Net income per share (yen)	6.15	16.58	20.12	10.43	-
Amount of dividend per share (yen)	3.90	4.50	4.50	0.6	-
Payout ratio (%)	63.4	27.1	27.1	-36.3	-
Expected opening of nursery school (school)	4 Switch to licensed nursery school: 1	3 Switch to licensed nursery school: 2	3 Switch to licensed nursery school: 2	-1	-
Expected consignment of school clubs and children's houses (facility)	5	8	8	3	-

(Unit: million yen/Rounded down to the nearest million yen)

Dividend Forecast For FY3/22

◎Dividend policy

- The Company pays a performance-based dividend with a consolidated payout ratio of around 30% while securing the internal reserves necessary to develop business in the future and strengthen our management structure.
- In this term, the Company will pay a dividend of 4.50 yen while referring to performance forecast and considering the impact of COVID-19.



*The year-end dividend for FY3/21 will be the dividend per share if approval is obtained at the Company's 29th Ordinary General Meeting of Shareholders.

New Openings For FY3/22

FY3/21 New Openings
Nursery Schools: 3
School Clubs: 8
Total: 11

**No. of Facilities Operated as of
the End of September 2021**
Nursery Schools: 211
School Clubs: 81
Children's houses: 11
Total: 303

•On April 1, 2021, we transformed "Ask Ontake Nursery School," which has been in operation since August 1, 2003, and "Asc Shimomaruco Nursery School," which has been in operation since April 1, 2010, from Tokyo licensed nursery school to licensed nursery schools.

•As "Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1" was established, "Wakuwaku Takinogawa Momiji Hiroba" was renamed "Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1." on April 1, 2021, and has been in operation since then.

•At the end of March 2021, we closed "Asc Iidabashi Nursery School," "Asc Nishishinjuku Nursery School," "Asc Ikebukuro Nursery School," and "Asc Yukigaya-Otsuka Nursery School," which are Tokyo licensed nursery schools, and "AEL Yokohama Business Park," which is a private school club. In addition, we withdrew from the operation of "Nakano-ku Kids Plaza Yato," "Kita-ku Sakura Club No. 1" and "Kita-ku Sakura Club No. 2," which are school clubs, and "Sayama City Chuo Children's House," which is a children's house, on March 31, 2021, due to the expiration of respective contract periods.

Tokyo:

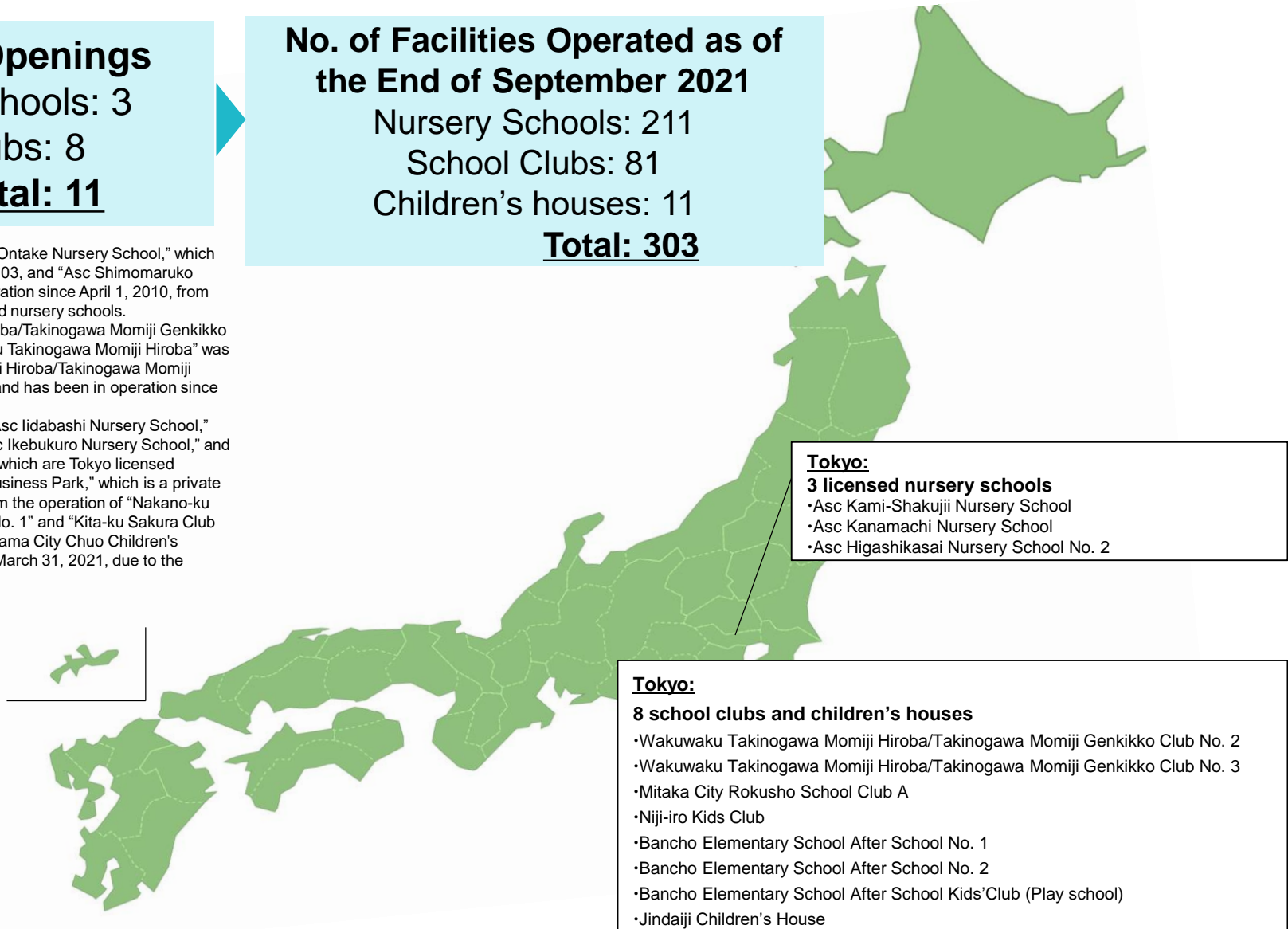
3 licensed nursery schools

- Asc Kami-Shakujii Nursery School
- Asc Kanamachi Nursery School
- Asc Higashikasai Nursery School No. 2

Tokyo:

8 school clubs and children's houses

- Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 2
- Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 3
- Mitaka City Rokusho School Club A
- Niji-iro Kids Club
- Bancho Elementary School After School No. 1
- Bancho Elementary School After School No. 2
- Bancho Elementary School After School Kids' Club (Play school)
- Jindaiji Children's House



Operate 301 facilities as of the End of September 2021



Tohoku

Licensed nursery schools: 11

Hokkaido

Licensed nursery schools: 3

Kinki

Licensed nursery schools: 9

Kanto

Licensed nursery schools: 156
Non-licensed nursery schools: 13
Other non-licensed nursery schools: 4
School clubs: 78
Children's houses: 5

Kyushu
Okinawa

Licensed nursery schools: 5
Company-led nursery school: 1

Chubu

Licensed nursery schools: 9
School clubs: 3
Children's houses: 6



211 nursery schools, 81 school clubs, 11 children's houses



JP HOLDINGS GROUP

3

New Medium-Term Management Plan and Measures for the Second Half

Target Indices

Long-term management
vision

We aim to develop “nursery schools and facilities that would be selected by customers.”

(To develop nursery schools, facilities, and an enterprise that will be selected continuously by guardians, municipalities, training institutions, and staff members)

Improvement/expansion of existing businesses, new businesses, and capital/business alliances

Target consolidated net sales: 100 billion yen

Medium-term
management plan
goals

To improve profitability at existing facilities and further improve the quality of childcare support

To create new value while considering the changes in society and the business environment

(To reform the management structure and implement growth strategies in the 3 years from FY3/22 to FY3/24)

3rd year of the medium-term management plan (final fiscal year)
For FY3/24, we aim to achieve net sales of 35,200 million yen and an ordinary income of 3,500 million yen.

(*To revise annual goals with the rolling method)

*We changed the presentation methods in the first quarter of FY3/22.

Activities for Achieving Consolidated Net Sales of 100 Billion Yen

We will evolve our existing businesses and cultivate new domains for further growth.

(Net sales)
Unit: 100 million yen

New business: 50 billion yen

- Members-only platform business
- Sale of existing programs and training
- Business related to child-rearing and M&A of businesses in the same industry
- Overseas business mainly in Asia
- Creation of new value in cooperation with Gakken HD



Existing business: 50 billion yen

- Cooperation between nursery schools and school clubs (to increase our dominance)
- Development of nursery schools and facilities that would be selected by customers
- Enrichment of digital and learning programs

Strengthening of the sales business
utilizing our know-how

Creation of new businesses utilizing the economies
of scale

Digital business and members-only platform

M&A/business alliance/overseas business

New business/M&A

Establishment of new school clubs and children's houses
To increase the number of facilities two times to 200

Improvement of profitability and increase of
operation rate of existing businesses

Existing businesses (nursery schools, school
clubs and children's houses)

1,000

500

FY3/22

Medium-Term Management Plan (FY3/22 to FY3/24)

◎Concept of the medium-term management plan



A medium-term management plan is formulated every term, while considering the changes in the situation.

Rolling method

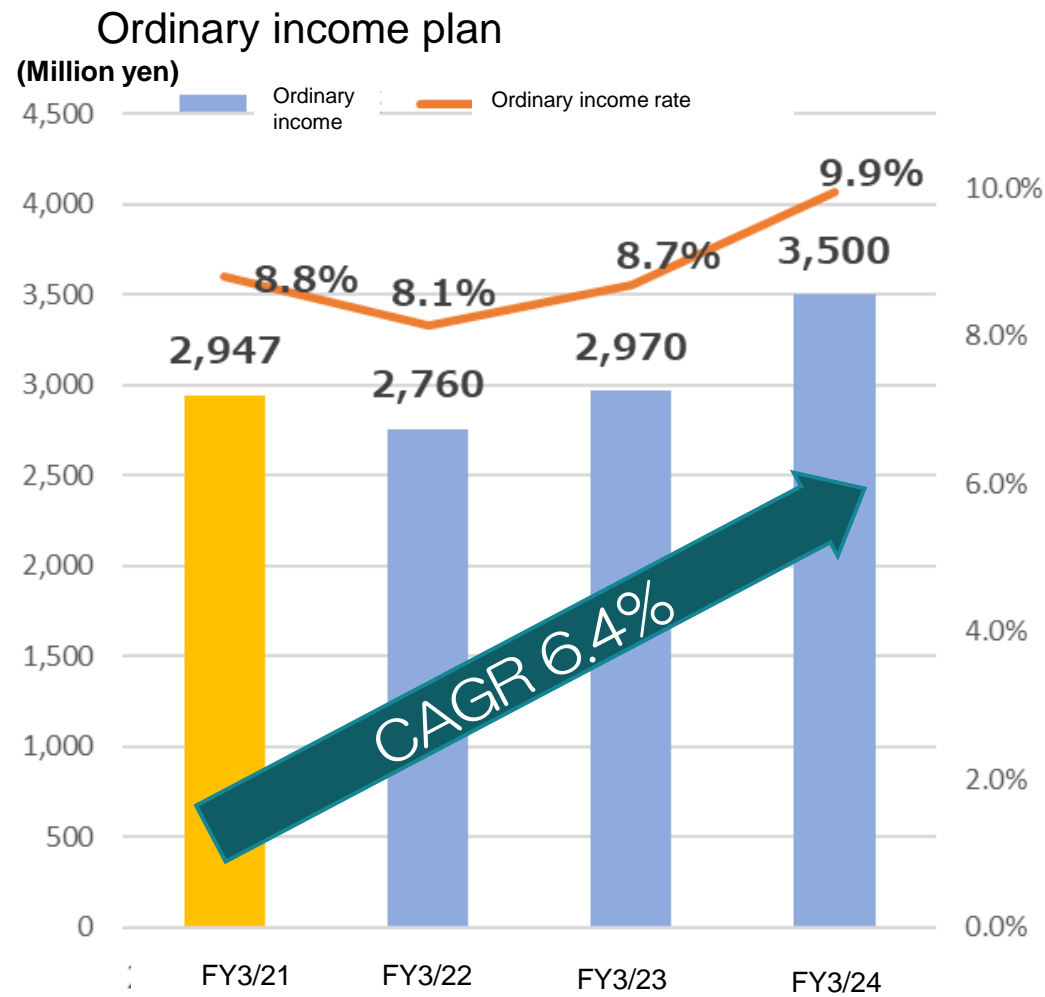
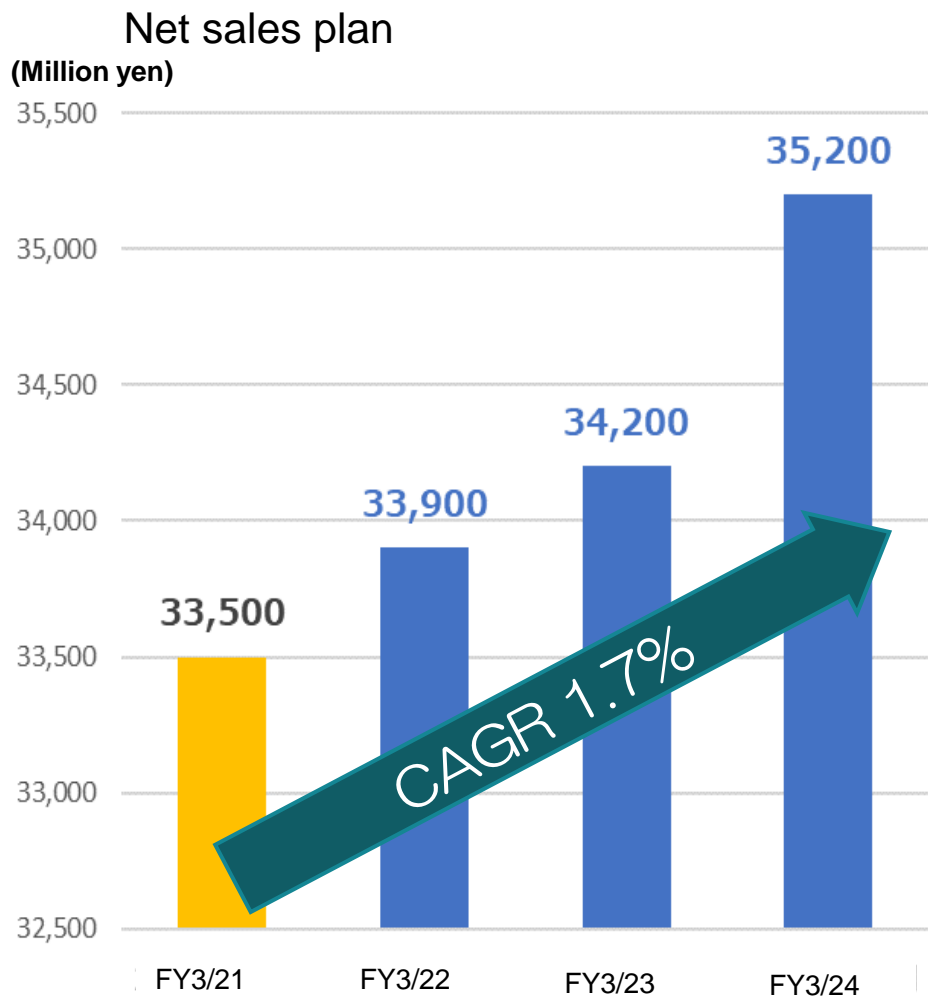
Method of revising the plan every term, while considering the changes in the business environment, etc.

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Medium-term management plan 2022	2022~2024				
Medium-term management plan 2023		2023~2025			
Medium-term management plan 2024			2024~2026		

Medium-Term Management Plan (Goals)

◎Plans for net sales and ordinary income

•We aim to grow them steadily for 3 years. The compound average growth rate (CAGR) in that period is 1.7% for net sales, and 6.4% for ordinary income.





JP HOLDINGS GROUP

Changes in the External Environment and Measures for the Second Half

Business Environment Surrounding our Company I

We will evolve our existing businesses and cultivate new domains for further growth while considering the changes in the business environment.

Current situation

◆ Changes in the surrounding environment

- ◎ Significant and sharp drop in the number of births
- ◎ Impact of economic stagnation on subsidies
- ◎ Change in the subsidy system

◆ Management issues

- ◎ Improvement in profitability and efficiency
- ◎ Reform of mindsets of on-site workers
- ◎ Establishment of growth strategies

Predicted changes in the environment in the coming 3 years

- ◎ Intensification of the competition for acquiring children
- ◎ Closure of more nursery schools
- ◎ Acceleration of restructuring of childcare enterprises
- ◎ Outsourcing of operation of more public nursery schools to private enterprises
- ◎ Change of social welfare corporations due to the amended Social Welfare Act
- ◎ Establishment of Agency for Children and new items for subsidies

Develop nursery schools and facilities that would be selected by customers

Improvement in corporate value/Sustainable growth

Business Environment Surrounding our Company II

Thanks to the national and local governments' measures for reducing children on waiting lists for childcare services, the child-raising support business is growing, but there remain many issues to be addressed, because this business model depends on the problem of the declining birthrate and subsidies.

*S*trengths

- Business operation throughout Japan, including Hokkaido and Okinawa
- Efficiency by taking advantage of the large number of facilities and the economies of scale
- High profit margin, without relying on subsidies provided at the time of opening nursery schools
- Securing of safety and reliability

*W*eaknesses

- Business model that depends on subsidies
- Chronic shortage of nursery staff
- Trend of COVID-19

*O*pportunities

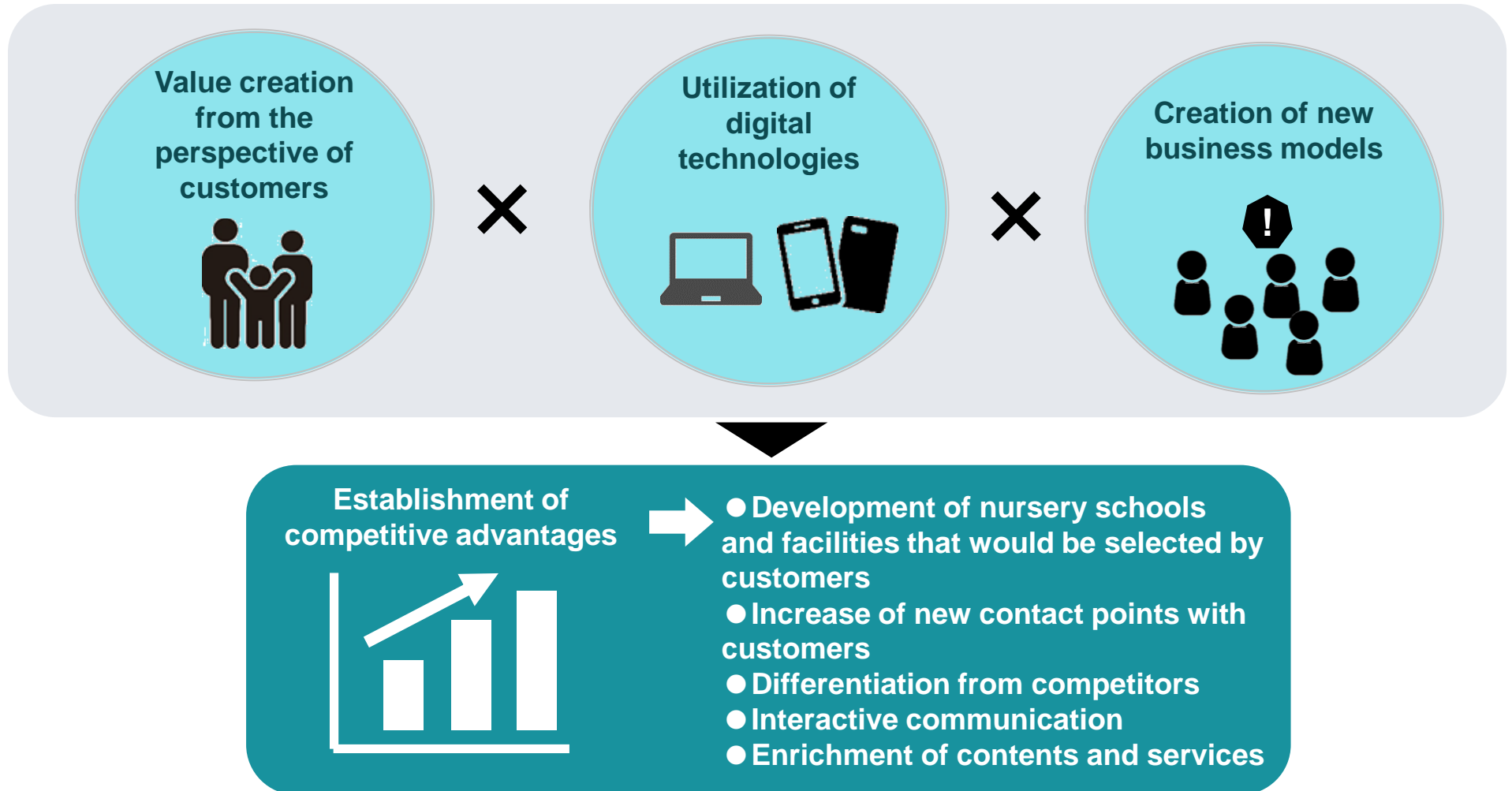
- Business synergy with Gakken Holdings
- Establishment of Agency for Children and new subsidies
- To undertake the operation of more public nursery schools

*T*hreats

- Steep drop in the number of births
- Decline in needs for childcare, due to the decrease of children
- Revision to systems and policies of national and local governments

Major Strategies in the Second Half

To adapt to the social environment and differentiate our business from competitors' mainly with digital technologies



Measures in the Second Half (1)

Actualize a compact head office

① Restructuring of our subsidiaries

▷ To clarify the head office's functions and roles of Japan Nursery Service and develop an organization and a system while separating their tasks from on-site work

▷ For improving operational efficiency, Japan Nursery Service and Amenity Life will be merged in Apr. 2022.

② Thorough removal of unnecessary tasks

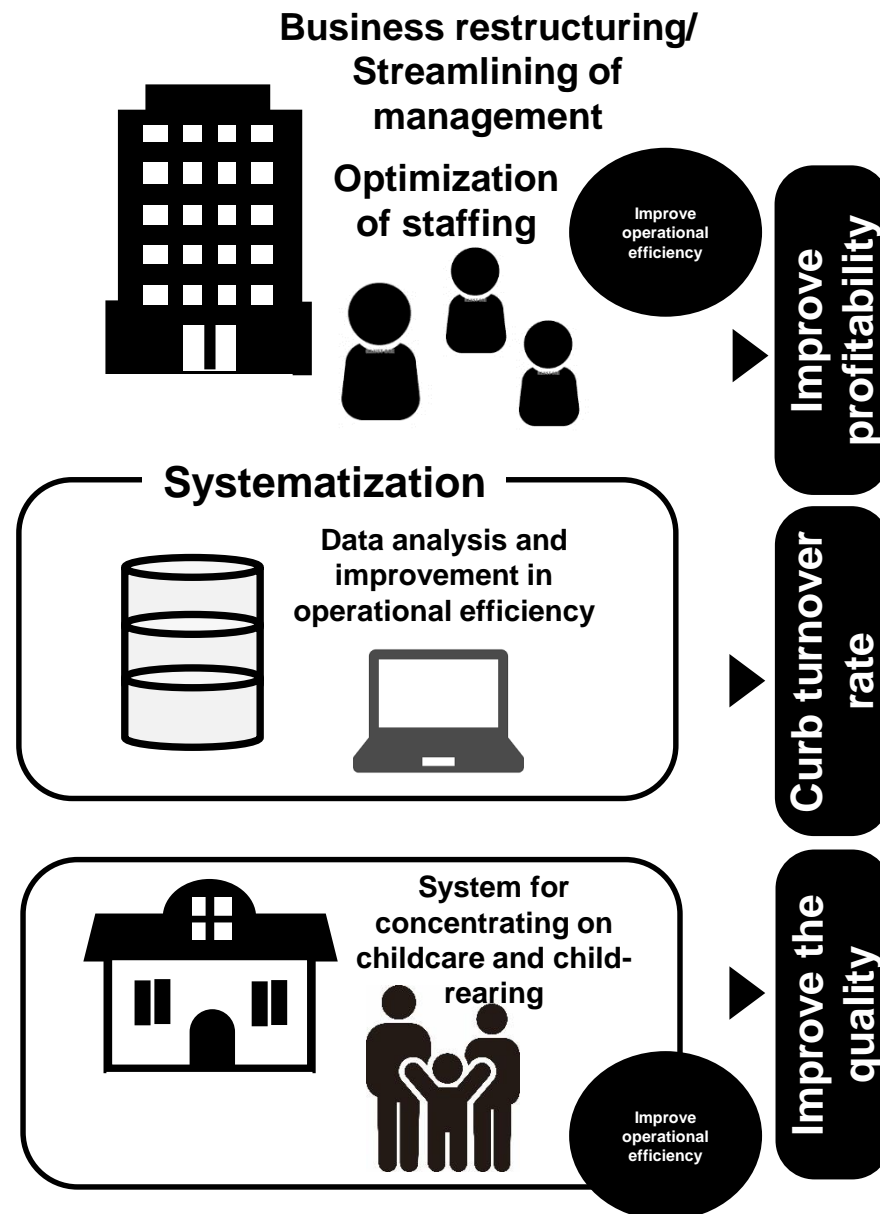
▷ Systematization and reform of systems for streamlining the operations at the head office and each workplace

- To improve on-site systems for placing orders and handling repairs
- To remove unnecessary tasks thoroughly through the reform of organizations and the streamlining of management

③ Optimization of staffing in each section

▷ To properly allocate personnel by streamlining operations and removing unnecessary tasks

- Proper allocation of on-site personnel
- Strengthening of cooperation with on-site workers by reallocating head office's staff through the streamlining of management and systematization



Measures in the Second Half (2)

Improve profitability in the child-raising support business
Enhance the cooperation between nursery schools and school clubs

①Improvement in profitability in the child-raising support business

▷Revenues have increased in each block, but we will try to share best practices among blocks, to further fix disparities in revenues in each block or at each nursery school.

▷To promote the sale of real estate we own (facilities that own land) and improve the efficiency of use of assets

②To undertake more projects for schools clubs and children's houses for expanding our dominance

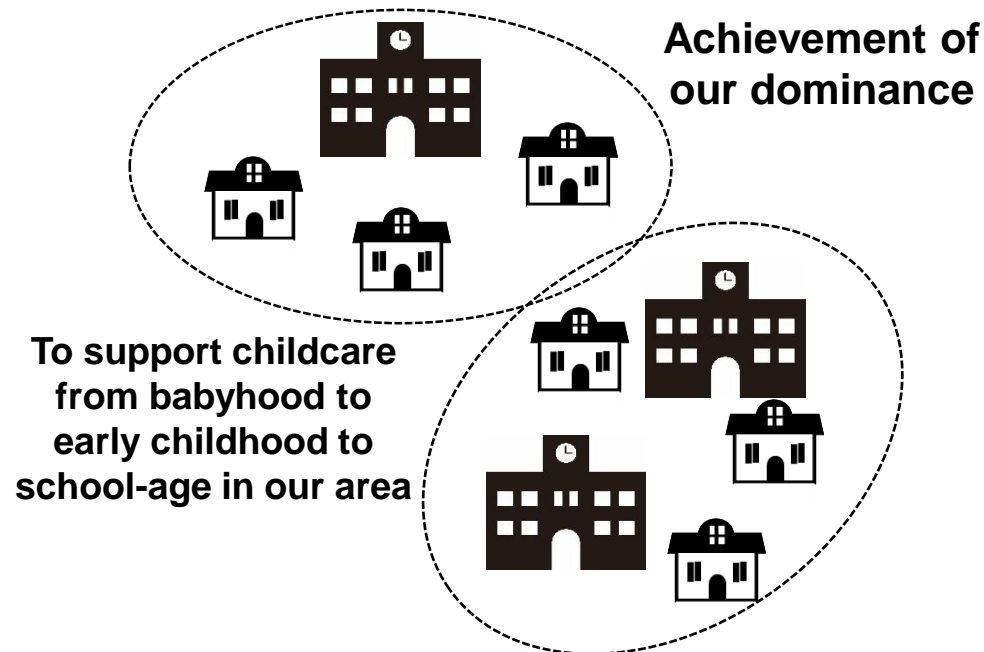
▷To undertake more projects for schools clubs and children's houses mainly in the vicinity of our nursery schools. We support childcare from babyhood through school-age. We will increase the number of schools clubs and children's houses two times to 200.

▷We will facilitate the exchange between the management division and the staff of facilities from the aspects of childcare and child-rearing, and implement measures unique to our company.

③Development of personnel who will support nursery schools and facilities (reform of our awareness and development of next-generation leaders)

▷Enrichment of the training for each class, to improve the level of personnel at the head office

Area dominance strategy



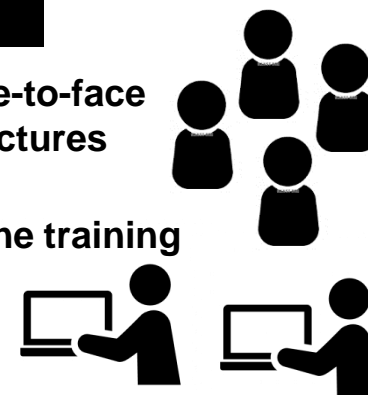
Personnel development

Over 300 training programs

Face-to-face lectures



Online training



Measures in the Second Half (3)

Develop nursery schools and facilities that would be selected by customers

① Online facility tours/enrichment of external announcements

▷ To find participants in facility tours online.

To produce website-based explanatory materials for facility tours, and advertise the features of each nursery school, common programs, and differentiated characteristics of operation

▷ To renew our website from the viewpoint of guardians, and advertise our advantages

② Development of the forte of each nursery school based on the survey on competition in the neighborhood and PR

▷ Popularization through joint events with local communities and programs of each nursery school

▷ Enhancement of PR activities of each group company and each nursery school (dissemination of more information via websites and SNS)

③ Development and adoption of attractive programs, and enhancement of PR

▷ To advertise the features of each nursery school and our unique programs in websites and facilities

▷ Collaborative lessons with other companies (swimming, karate, etc.)

Education on food and agriculture

④ Original online programs for English, gymnastics, eurhythmics and dance

▷ In addition to the dispatch of lecturers, we will increase learning opportunities via our original programs.

Digitalization

Online facility tours

Nursery schools



Online distribution of videos



English, gymnastics, eurhythmics and dance

Upgrade of our website



Guardians

Measures in the Second Half (4)

Implement growth strategies

① Promotion of early childhood learning and new programs

▷ Expansion of early childhood learning programs

To increase the number of facilities of Mojikazu Land from 62 to 100.

▷ Development of new programs and improvement of services for infants

Adoption of dance and fine arts programs

Increase in recognition of Baby Asc (a program for infants)

② Value creation based on the business alliance with Gakken

▷ Examination and promotion of new value creation programs

▷ Cooperation in reducing costs, including joint purchase

③ Development and promotion of new businesses

▷ Creation and launch of a platform business

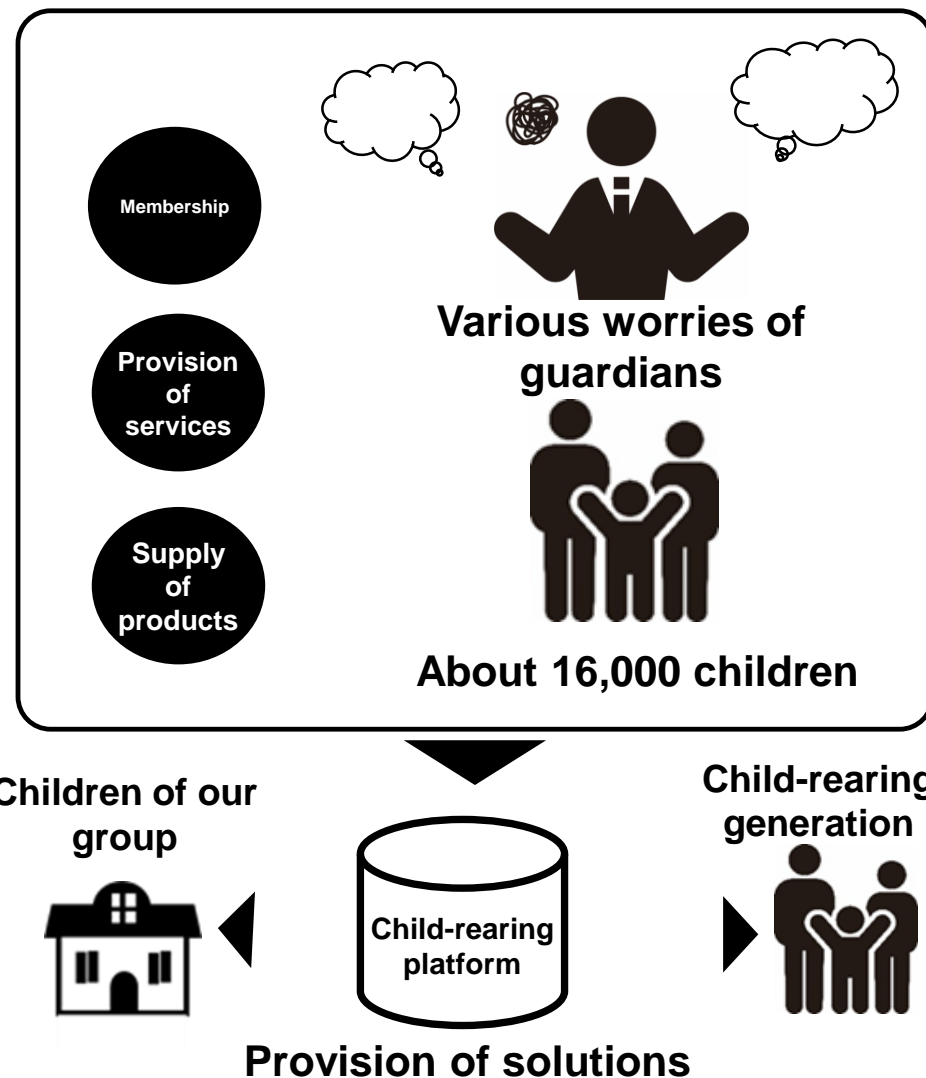
To offer new business by adopting the membership system for children

▷ Business alliances with other enterprises and M&A to achieve the top share

④ Promotion of business alliances and M&A with other companies in the same industry

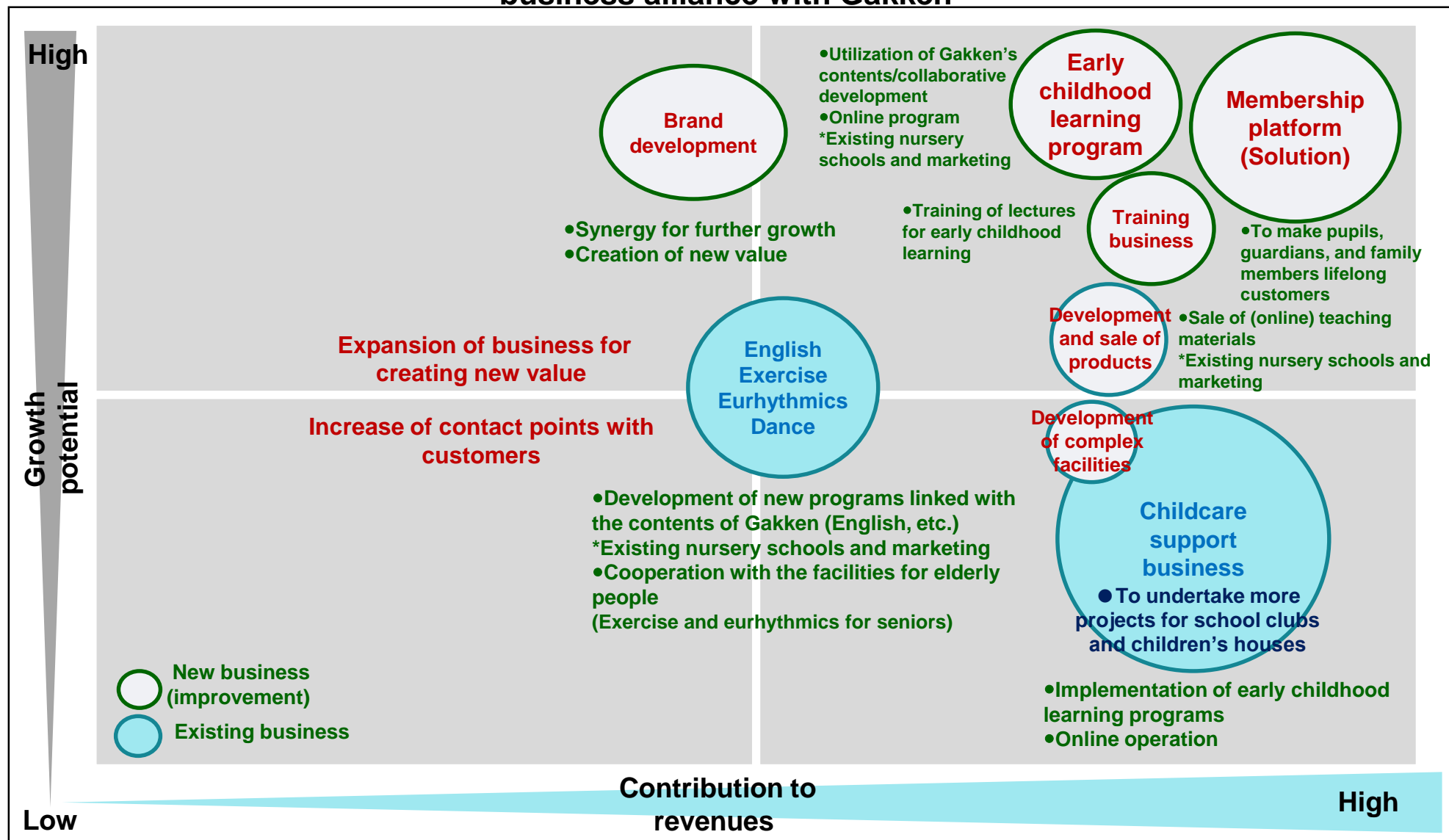
Business alliances with other businesses and M&A of businesses related to child-rearing

Membership business



Business Portfolio

Expansion of new business domains for responding to the changes in the market and forming a business alliance with Gakken





JP HOLDINGS GROUP

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APPENDIX

[Supplementary Material] Environment Surrounding Childcare Support

Environment surrounding childcare support

•The number of children on waiting lists decreased steadily, and it has dropped over 50% in the past 3 years. As the situation varies among regions, the importance of support according to regional characteristics will increase.

(No. of children on waiting lists as of April 2020: 12,439, down 4,333 year on year). Prefectures with many children on waiting lists: Saitama, Chiba, Tokyo, Kanagawa, Osaka, and Hyogo

•Establishment of a system for social welfare coordination promotion organization

It will become possible to form “a social welfare coordination promotion organization,” a non-profit organization comprising mainly of social welfare corporations (which can lend funds, recruit staff, and jointly purchase equipment and goods).

•The ratio of employed women is rising. As it is estimated to reach 82% in 2025, it will be necessary to increase childcare centers.

(Ratio of employed women in April 2020 was 77.7%.)

•The decrease of children accelerated by COVID-19 (The number of births will drop significantly in 2021.)

The number of births was 848,000 in 2020, and is estimated to decrease 7.5% to 784,000 in 2021. The decrease of children is projected to progress 10 years earlier than initially estimated due to the spread of COVID-19.

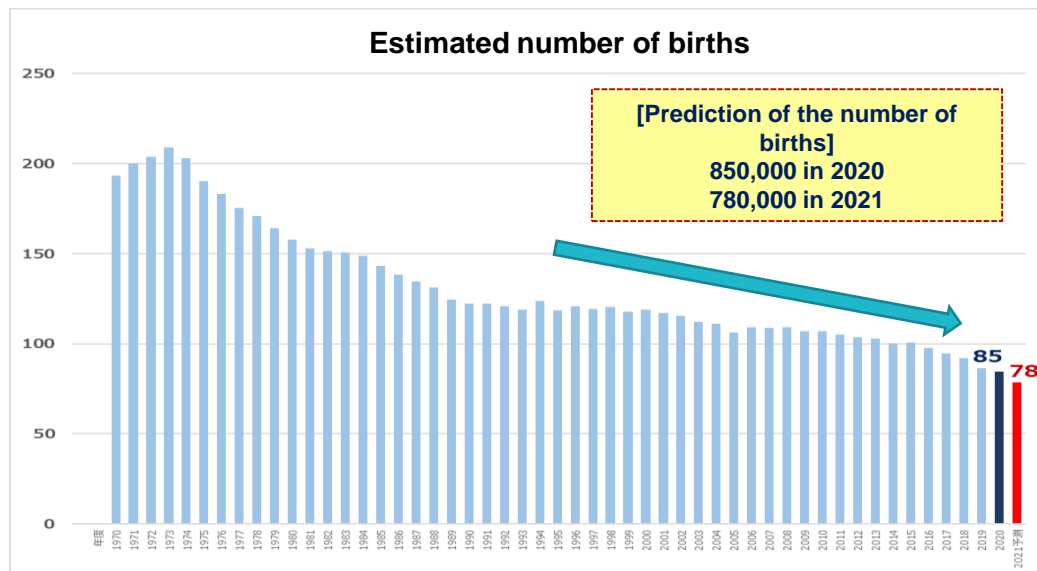
•In 60% of 23 wards of Tokyo and ordinance-designated cities, the number of applications for entry to licensed nursery schools fell below the capacity. To prevent the spread of COVID-19, people tend to refrain from entrusting a nursery school with childcare.

In 17 cities accounting for 60%, the rate of enrollment is below 100%. The number of such wards/cities almost doubled from last year (8 cities). There is the trend of extension of a childcare leave for decreasing the risk of infection.

•The government plans to establish the Agency for Children, which will take measures in an unified manner, for the ideal administration for children.

Considering the situation in which nursery schools are supervised by the Ministry of Health, Labour and Welfare, kindergartens by the Ministry of Education, Culture, Sports, Science and Technology, and licensed children’s school by the Cabinet Office, the government plans to unify the management of them.

(1) Estimated number of births (Source: Japan Research Institute)



(2) Application ratio of licensed nursery schools as of April 2021

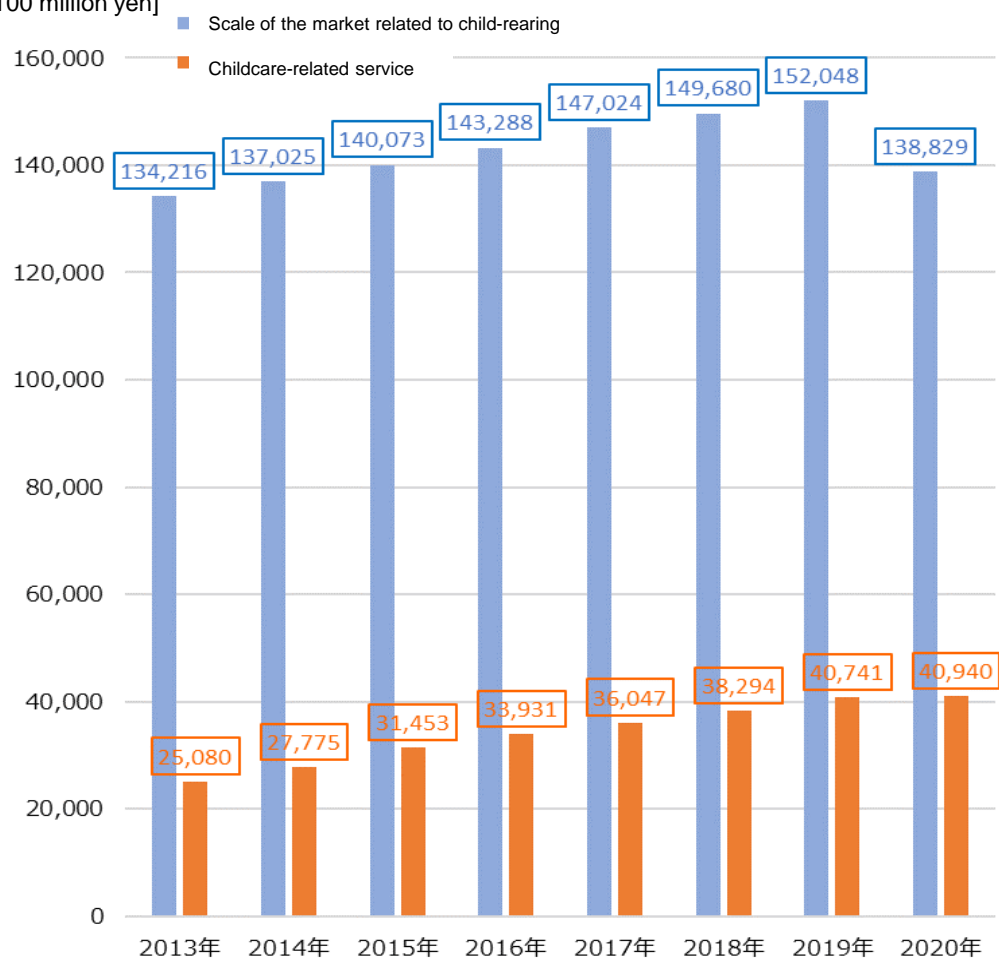
Area (ward)	April 2020	April 2021	YoY change	Area (ward)	April 2020	April 2021	YoY change
	(times)	(times)			(times)	(times)	
Setagaya	1.64	1.55	-0.09	Arakawa	1.00	0.90	-0.1
Shinagawa	1.41	1.32	-0.09	Nakano	1.10	0.85	-0.25
Edogawa	1.31	1.29	-0.02	Bunkyo	1.00	0.83	-0.17
Taito	1.41	1.26	-0.15	Chiyoda	0.82	0.81	-0.01
Nerima	1.31	1.16	-0.15	Minato	0.91	0.77	-0.14
Sumida	1.06	1.08	0.02	Katsushika	0.84	0.74	-0.1
Ota	1.21	1.06	-0.15	Adachi	0.74	0.73	-0.01
Chuo	1.33	1.05	-0.28	Toshima	0.79	0.71	-0.08
Itabashi	1.11	0.98	-0.13	Meguro	0.85	0.66	-0.19
Suginami	1.06	0.98	-0.08	Kawasaki	1.23	1.10	-0.13
Shibuya	1.13	0.95	-0.18	Saitama	1.33	1.03	-0.3
Koto	0.97	0.93	-0.04	Yokohama	1.06	0.96	-0.1
Shinjuku	1.01	0.91	-0.1	Sagamihara	0.91	0.82	-0.09
Kita	1.02	0.90	-0.12	Average	1.09	0.98	-0.11

[Supplementary Material] Scale of the Child-rearing Support-related Market

- In fiscal 2020, the scale of this market shrank sharply due to COVID-19.
- Childcare-related services performed well, thanks to the policies for making kindergartens and nursery schools charge-free and reducing children on waiting lists.

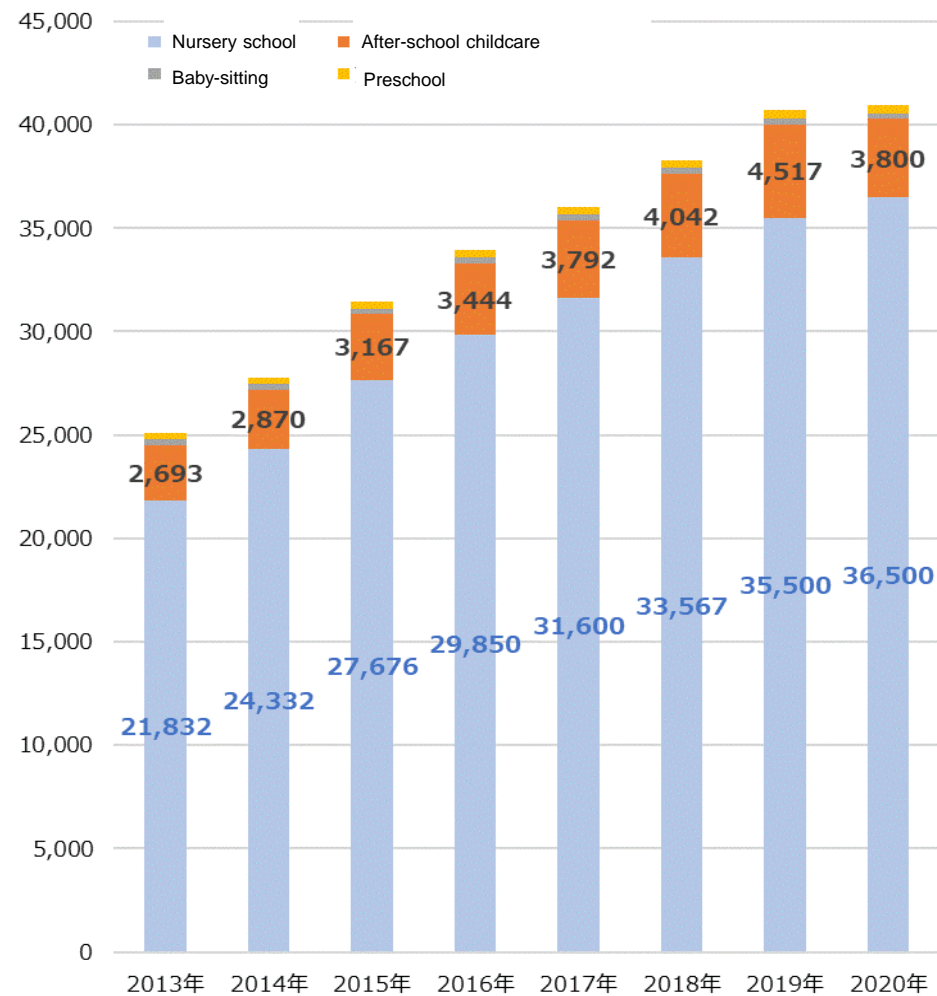
Scale of the Market Related to Child-rearing and Childcare

[100 million yen]



[100 million yen]

Scale of the market of childcare-related service

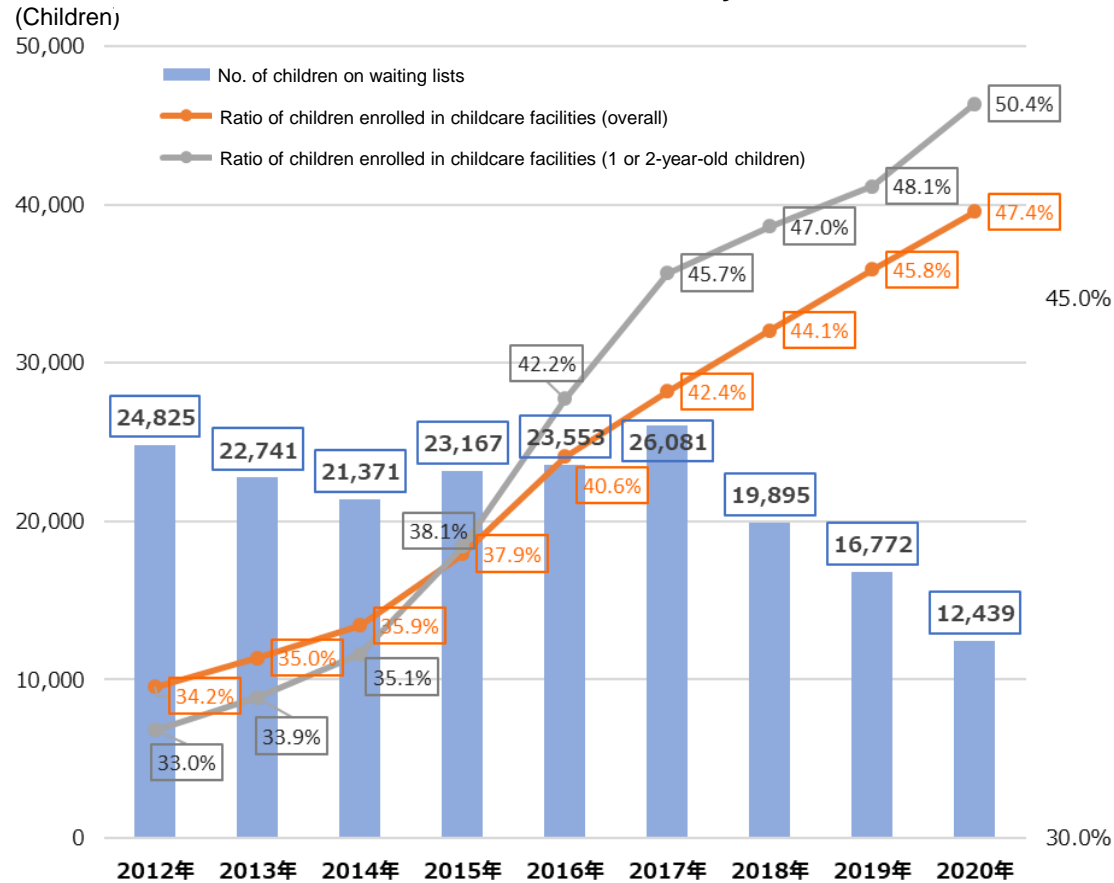


Source: Yano Research Institute Ltd.'s General Marketing in the Market for Children: Annual (2020 Issue)

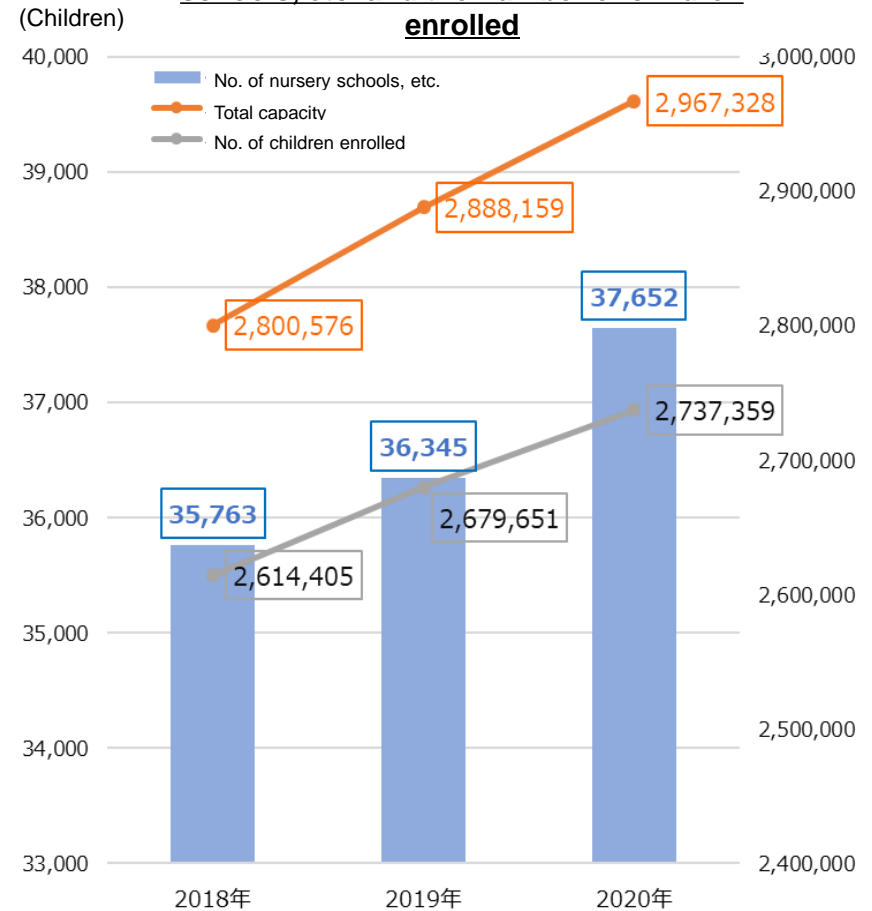
[Supplementary Material] Variations in the Number of Children on Waiting Lists and the Ratio of Children Enrolled in Nursery Schools, Etc.

- The total capacity of nursery schools, etc.: 2.97 million children, up 79,000 children from the previous year
- The number of children enrolled in nursery schools, etc.: 2.74 million, up 58,000 from the previous year
- The number of children on waiting lists: 12,439, down 4,333 from the previous year

Variations in the number of children on waiting lists for and the ratio of children enrolled in nursery schools, etc.



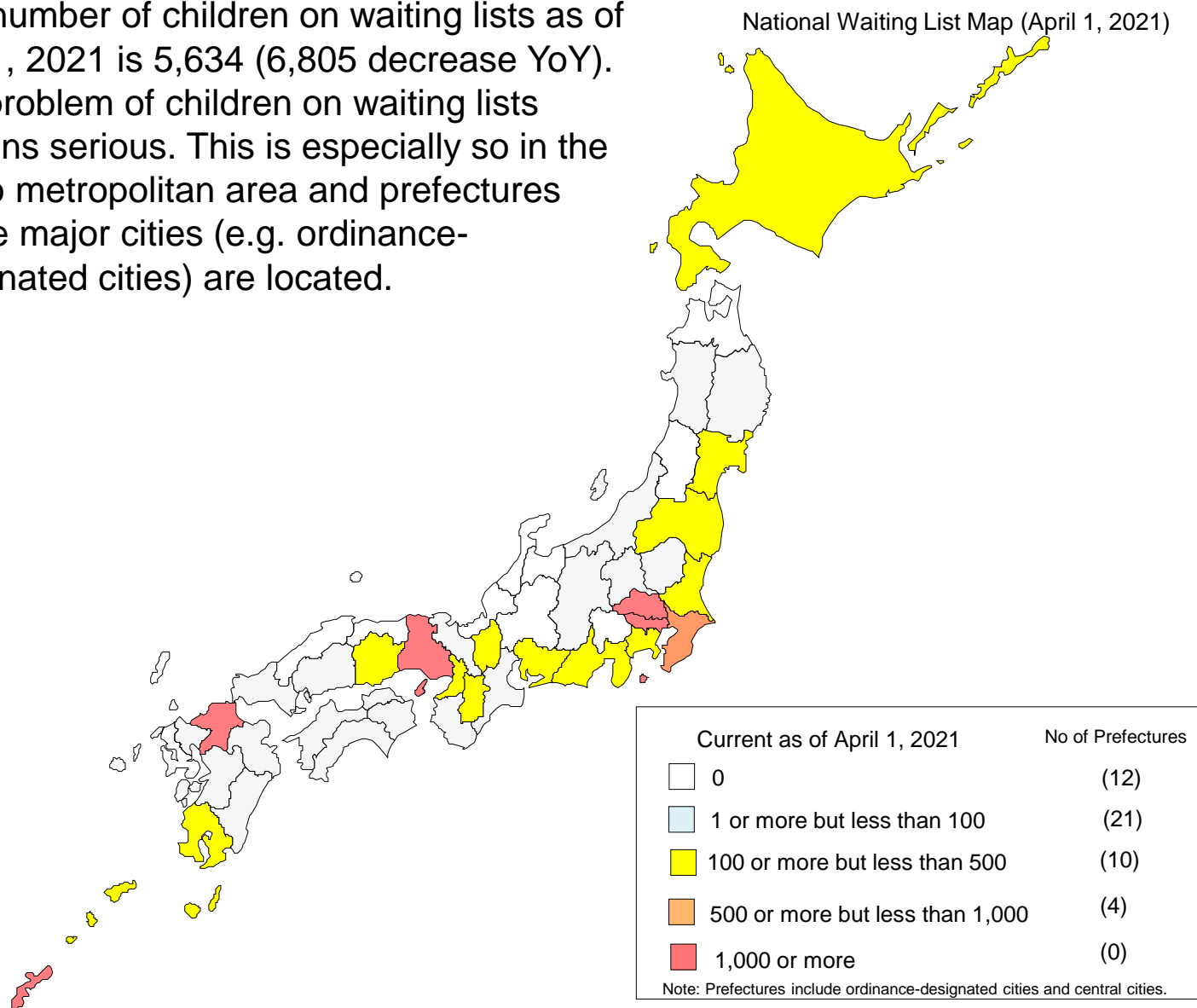
Situation of the total capacity of nursery schools, etc. and the number of children enrolled



Source: Ministry of Health, Labour and Welfare's Summary of the Situation of Nursery Schools, Etc.

[Supplementary Material] Current Waiting List Situation

● The number of children on waiting lists as of Apr. 1, 2021 is 5,634 (6,805 decrease YoY). The problem of children on waiting lists remains serious. This is especially so in the Tokyo metropolitan area and prefectures where major cities (e.g. ordinance-designated cities) are located.

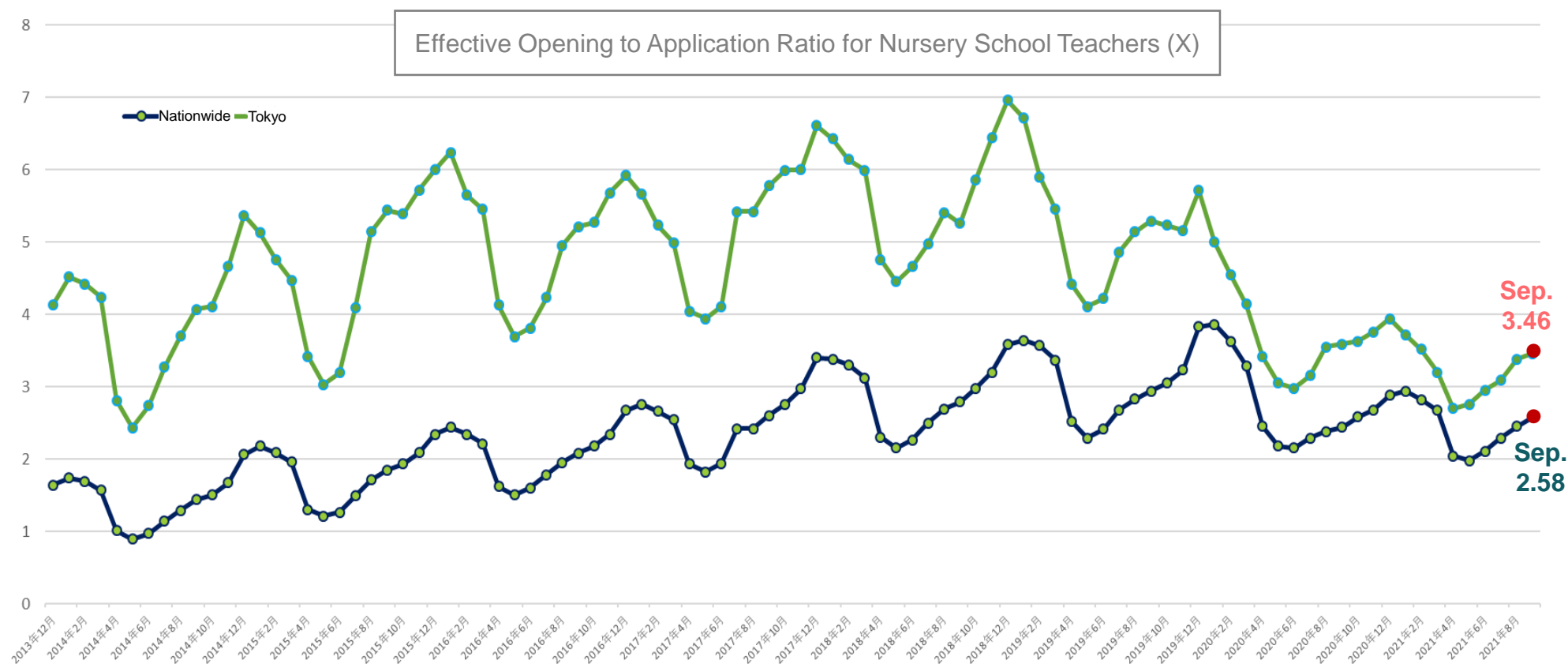


Prefecture	No. of Children on Waiting List	
	Person	Change %
Hokkaido	134	0.15
Aomori	0	0.00
Iwate	58	0.19
Miyagi	340	0.76
Akita	22	0.10
Yamagata	0	0.00
Fukushima	141	0.40
Ibaraki	193	0.32
Tochigi	34	0.08
Gunma	14	0.03
Saitama	1,083	0.80
Chiba	833	0.70
Tokyo	2,343	0.73
Kanagawa	496	0.29
Niigata	3	0.00
Toyama	0	0.00
Ishikawa	0	0.00
Fukui	0	0.00
Yamanashi	0	0.00
Nagano	46	0.09
Gifu	0	0.00
Shizuoka	122	0.18
Aichi	155	0.09
Mie	81	0.20
Shiga	495	1.34
Kyoto	48	0.08
Osaka	348	0.18
Hyogo	1,528	1.31
Nara	201	0.76
Wakayama	35	0.17
Tottori	0	0.00
Shimane	0	0.00
Okayama	403	0.82
Hiroshima	39	0.06
Yamaguchi	17	0.06
Tokushima	61	0.36
Kagawa	64	0.28
Ehime	55	0.21
Kochi	28	0.13
Fukuoka	1,189	0.94
Saga	49	0.20
Nagasaki	0	0.00
Kumamoto	70	0.12
Oita	10	0.04
Miyazaki	14	0.04
Kagoshima	322	0.75
Okinawa	1,365	2.19
Total	12,439	0.44

Source: Ministry of Health, Labour and Welfare's Nursery School Situation Summary (April 1, 2021)

[Supplementary Material] Current Nursery School Teacher Shortage Situation

- ▶ The ratio of job openings to job applicants for nursery school teachers is decreasing. However, there is a continuing shortage of nursery school teachers across Japan. (National average as of September 2021: 2.58 times)
- ▶ Jobs to applicants ratio of Tokyo had the trend of decrease at 2.70 as of Apr. 2021, but turned to increase in May 2021 and stood at 3.46 as of Sep. 2021.



Source: Ministry of Health, Labour and Welfare Employment Security Bureau's General Job Placements (Report on Employment Service)

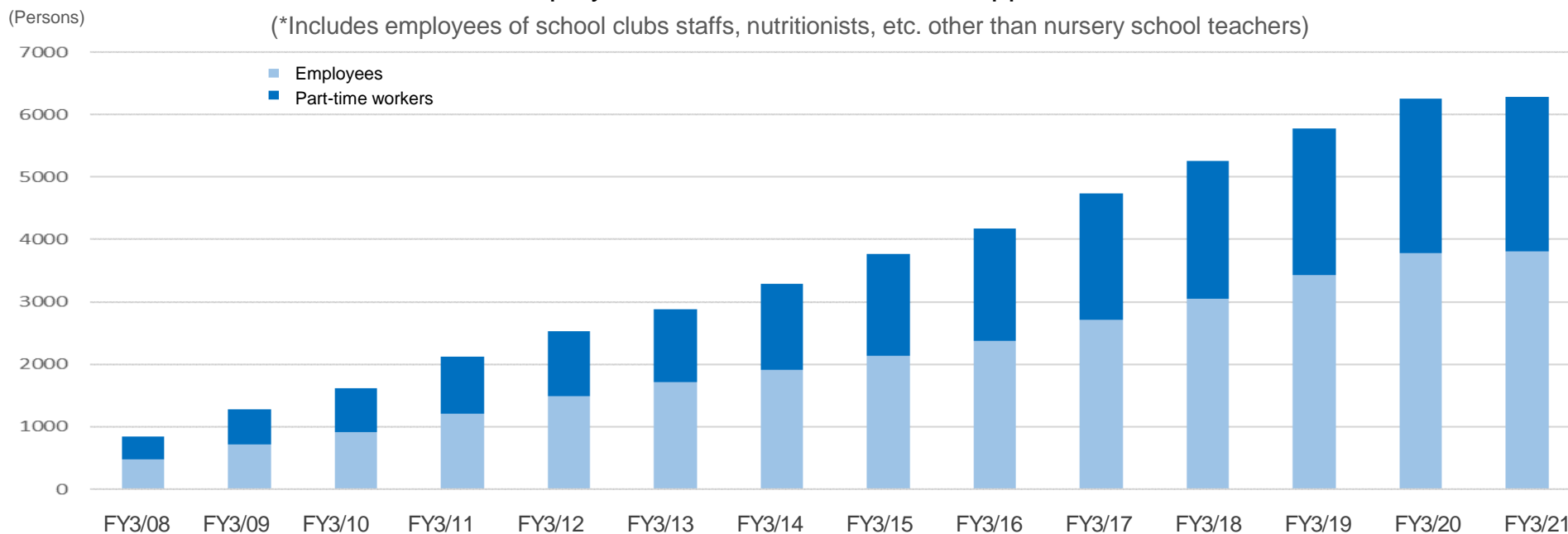
[Supplementary Material] Recruitment of Nursery School Teachers

		FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21 Joined on the end of Spt.
Nursery School Teacher	New Graduates	178	197	247	276	248	182	166 Joined on Apr. 1, 2021
	Mid-career employment	219	241	327	325	269	292	199
Non qualified	New Graduates	-	23	32	46	26	9	7

*After joining JPHE, non qualified graduates are expected and assisted to acquire nursery school teacher qualification. Started this recruitment style from FY2016.

*Includes seconded employees to associated companies

Trend of Employee Numbers in Childcare Support Business

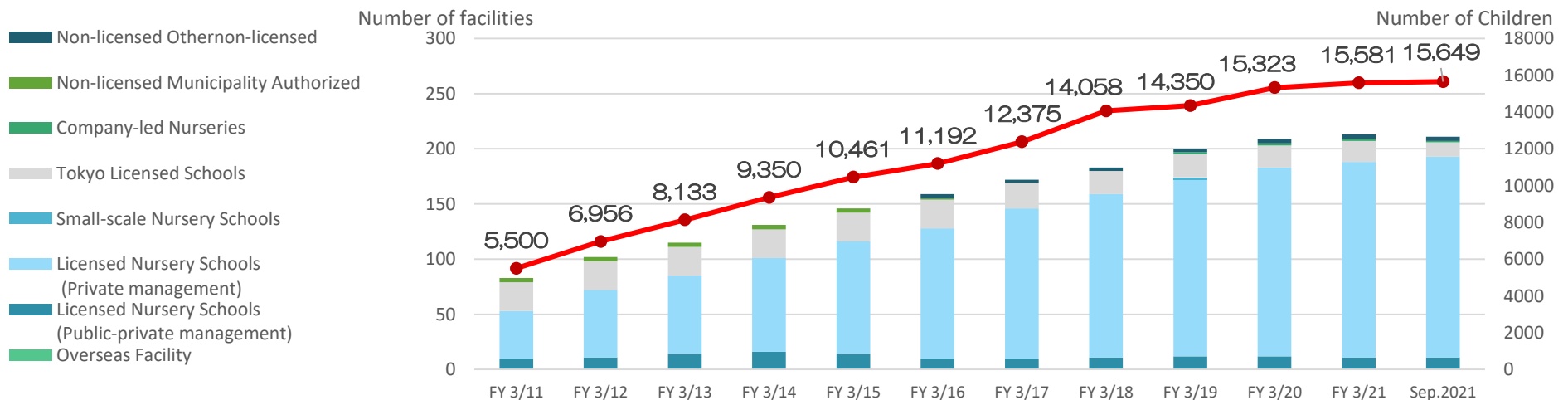


[Supplementary Material] Changes in the Number of Facilities Operated and the Number of Children Accepted to Nursery Schools

	FY 3/11	FY 3/12	FY 3/13	FY 3/14	FY 3/15	FY 3/16	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	Sep.2021
Licensed Nursery Schools (Public-private management)	10	11	14	16	14	10	10	11	12	12	11	11
Licensed Nursery Schools (Private management)	43	61	71	85	102	118	136	148	160	171	177	182
Small-scale Nursery Schools									2	0	0	0
Tokyo Licensed Schools	26	26	26	26	26	26	23	21	21	20	19	13
Company-led Nurseries	0	0	0	0	0	0	0	0	2	2	2	1
Non-licensed Municipality Authorized	4	4	4	4	4	1	0	0	0	0	0	0
Non-licensed Othernon-licensed	0	0	0	0	0	4	3	3	3	4	4	4
School Clubs	37	39	40	43	46	55	63	71	72	72	77	81
Children's Houses	9	7	8	8	8	10	12	12	11	11	11	11
Private School Clubs	0	0	0	0	0	0	4	5	5	4	0	0
Overseas Facility	0	0	0	0	0	0	0	1	1	1	0	0
Total	129	148	163	182	200	224	251	272	289	297	301	303
Nerseries Total	83	102	115	131	146	159	172	183	200	209	213	211

*We reviewed the count by management structure in the 2Q of FY3/16 and changed three licensed schools (public-private management) to other non-licensed nursery schools.

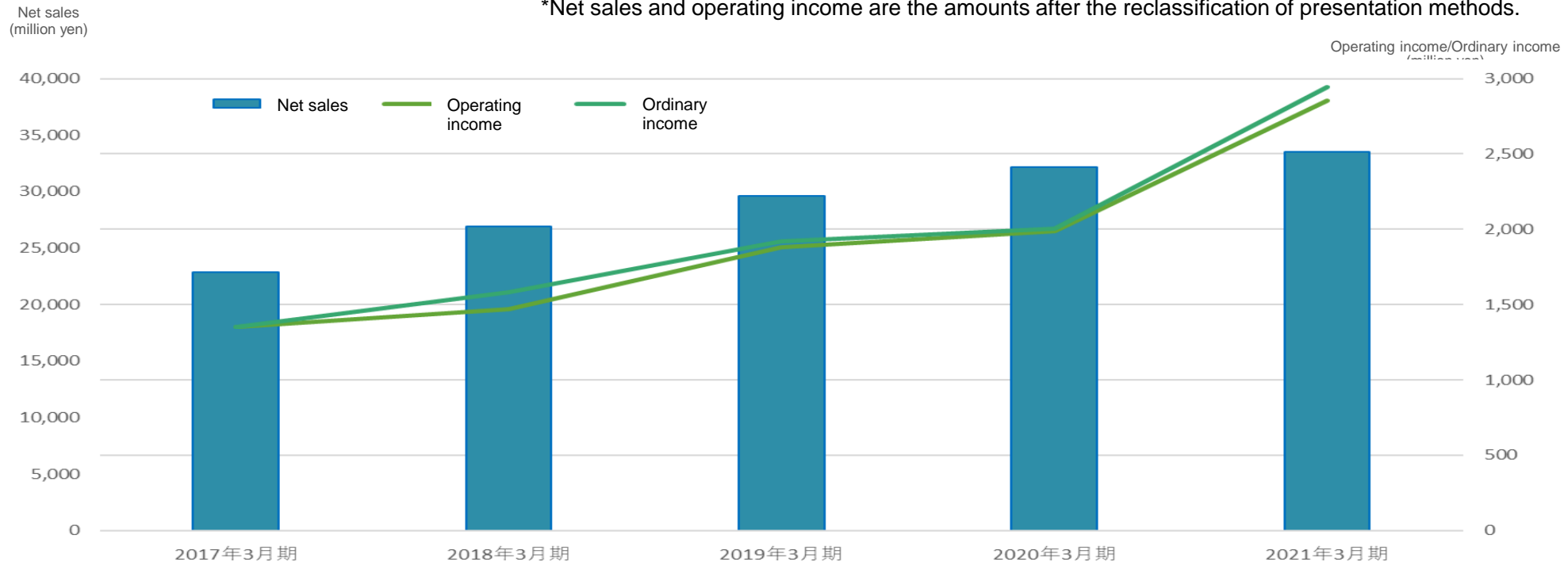
TREND OF NURSERIES AND CHILDREN



[Supplementary Material] Consolidated Results (Highlights)

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Net sales (million yen)	22,866	26,,945	29,647	32,169	33,500
Operating income (million yen)	1,349	1,469	1,880	1,989	2,857
Ordinary income (million yen)	1,350	1,469	1,920	2,003	2,947
Net income attributable to owners of parent (million yen)	661	910	1,071	1,122	537
Net income per share (Yen)	7.87	10.70	12.44	12.81	6.15

*Net sales and operating income are the amounts after the reclassification of presentation methods.



[Supplementary Material] Consolidated Results (Balance Sheet/Statement of Cash Flows)

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Total assets (million yen)	24,002	25,758	28,255	26,122	29,740
Net assets (million yen)	6,854	7,756	8,950	9,636	10,007
Shareholders' equity ratio (%)	28.5	30.1	31.7	36.9	33.7

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Cash flows from operating activities (million yen)	1,878	1,865	1,829	2,320	2,469
Cash flows from investing activities (million yen)	-3,305	-1,292	-940	418	190
Cash flows from financing activities (million yen)	1,646	-135	1,475	-3,349	2,155
Year-end balance of cash and cash equivalents (million yen)	4,017	4,455	6,816	6,206	11,020

[Supplementary Material] Dividends

The basic policy of our company is to continue paying a performance-linked dividend with a payout ratio of around 30% while maintaining the necessary internal reserves for future business development and to strengthen our management structure.

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Amount of dividend per share (yen)	2.50	3.50	3.70	3.90	3.90
Payout ratio (%)	31.8	32.7	29.7	30.4	63.4

Adjustments after the Change in the Presentation Methods

Adjustments after the change in the presentation methods

- With regard to subsidies, etc. received from local governments for rental company housing for nursery school teachers, the amount was previously recorded as "Subsidy income" under non-operating income, but from the first quarter of the current fiscal year, such subsidies, etc. are now recorded as "Net sales."
- This change in presentation is due to the fact that the qualitative importance of such subsidies, etc. to the childcare business has increased, and that, as a result of confirming and organizing the subsidy system related to the childcare business as a result of investigating and studying the "Accounting Standard for Revenue Recognition," we made the judgment that it would be possible to present the actual status of the business more appropriately if the relevant amounts were recorded in the same category as other subsidies. Due to this change in presentation, reclassifications have been made for the first quarter of the previous fiscal year.

Forecast Precautions

This document contains forecasts about the future. However, these are predictions that have been made by our company based on the information available at the time of publication. The reality may be significantly different from our predictions due to economic conditions and market trends. Furthermore, this document is not intended to solicit investment. We are under no obligation to amend or change the information pertaining to forecasts contained in this document even if we obtain new information in the future.

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