Summary of Business Results for the Fiscal Year Ended March 31, 2022 [Japan GAAP] (Consolidated)

May 12, 2022

Company	**JP-HOLDINGS, INC.**	Listed on the TSE Prime
Stock Code	2749	URL: https://www.jp-holdings. co.jp
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Expected date of annual shareholders' meeting: June 28, 2022 Expected starting date of dividend payment: June 29, 2022
Expected date of filing of annual securities report: June 29, 2022
Preparation of supplementary financial document: Yes
Results briefing: Yes (for media members, institutional investors, analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 2022 (April 1, 2021 through March 31, 2022)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2022	34,373	2.6	3,344	17.1	3,358	13.9	2,279	324.1
Year ended Mar. 2021	33,500	4.1	2,857	43.6	2,947	47.1	537	-52.1

(Note) Comprehensive income:
Year ended March 2022: 2,308 million yen (224.0%)
Year ended March 2021: 712 million yen (-31.3%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2022	26.06	-	20.7	10.5	9.7
Year ended Mar. 2021	6.15	-	5.5	10.6	8.5

(Note) In the fiscal year under review, the Company changed the presentation of "subsidy income" related to the childcare business, which was previously included in non-operating income, to "net sales." As a result of this change, major management indices for the previous fiscal year are based on the indices after this reclassification

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	34,274	11,975	34.9	136.91
As of Mar. 31, 2021	29,740	10,007	33.7	114.42

(Reference) Shareholders' equity:
As of March 31, 2022: 11,975 million yen
As of March 31, 2021: 10,007 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2022	3,884	413	1,978	17,296
Year ended Mar. 2021	2,469	190	2,155	11,020

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2021	-	0.00	-	3.90	3.90	341	63.4	3.5
Year ended Mar. 2022	-	0.00	-	4.50	4.50	393	17.3	3.6
Year ending Mar. 2023 (forecast)	-	0.00	-	6.00	6.00		22.6	

Breakdown of year-end dividend for the fiscal year ending March 2023
Ordinary dividend: 5.00 yen, Commemorative dividend: 1.00 yen

3. Forecast of consolidated business results for the fiscal year ending March 2023
(April 1, 2022 through March 31, 2023)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2023	35,640	3.7	3,560	6.4	3,580	6.6	2,325	2.0	26.58

***Notes**

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

(2) Changes in accounting policies, accounting estimates and restatement

①Changes in accounting policies associated with revision of accounting standards: : Yes
②Changes in accounting policies other than ① : None
③Changes in accounting estimates : None
④Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)
As of March 31, 2022 87,849,400 shares
As of March 31, 2021 87,849,400 shares

② Treasury stock at the end of period:
As of March 31, 2022 380,707 shares
As of March 31, 2021 380,707 shares

③ Average number of stock during period
Year ended March 31, 2022 87,468,693 shares
Year ended March 31, 2021 87,468,693 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2022
(April 1, 2021 through March 31, 2022)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2022	3,066	19.3	1,396	57.4	1,523	46.9	1,338	887.5
Year ended Mar. 2021	2,570	8.9	886	42.9	1,037	14.6	135	-81.6

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2022	15.30	-
Year ended Mar. 2021	1.55	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	23,124	6,166	26.7	70.50
As of Mar. 31, 2021	19,496	5,129	26.3	58.65

(Reference) Shareholders' equity:
As of March 31, 2022: 6,166 million yen
As of March 31, 2021: 5,129 million yen

*** Financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

*** Explanation regarding appropriate use of business forecasts and other special instructions**

・Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. For information regarding the business forecasts, etc., please refer to "1. Summary of Operating Results (4) Future outlook" (Page 5).

・On Wednesday, May 20, 2022, the Company plans to hold results briefing for media members, institutional investors and analysts via a webcast. The Company has suspended its results briefing for individual investors in order to prevent the spread of new coronavirus (COVID-19) infections.

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1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

During the fiscal year under review, the Japanese economy showed some movement toward normalization of economic and social activities against the backdrop of global economic recovery and the relaxation of various restrictions due to progress in vaccination, despite the continuing stagnation of economic activities reflecting the impact of COVID-19. Nevertheless, the outlook remains uncertain due to a combination of geopolitical risks associated with the growing pressure on the situation in Ukraine, in addition to the re-expansion of infections due to new variant stocks, and concerns over an economic slowdown and a slowdown in corporate performance due to soaring resource prices.

Meanwhile, in the child-raising support business, the environment surrounding childcare is rapidly changing. These factors include the acceleration of the declining birth rate society due to the sharp decrease in birth rate, the decrease in the number of children on waiting lists because of people refraining from using the facilities due to COVID-19, a continuing shortage of childcare workers, rising demand for childcare reflecting an increase in the female employment rate, and the need to respond to changes in working styles and lifestyles due to the expansion of COVID-19.

The government has been promoting various measures to improve the childcare environment, such as the development of childcare services based on the "New Childcare Security Plan" and the further acceleration of the development of after-school children's clubs under the "New Comprehensive Plan for After-school Children" in order to eliminate the waiting list for children. In addition, the bill for establishment of the Children's Agency was approved by the Cabinet. The government plans to establish the Agency in April next year and is promoting to create a better environment for childcare. In such circumstances, the social role of the child-raising support business will become increasingly important.

Under these situations, as measures against COVID-19, our group, in collaboration with local governments, has established our own response standards and implemented thorough safety measures with giving top priority to ensuring the safety of children, parents, business partners, and employees. At the same time, we also have been taking prompt measures such as staggered work hours and remote working at the head office and Tokyo headquarters.

In addition, in order to further improve the quality of child-raising support services and expand the scope of our business, we are capturing changes in the social environment and have set three priority goals of "improve profitability and efficiency," "improve soundness," and "improve growth potential." By effectively allocating and investing management resources, we have built a solid management foundation. Specifically, with digital transformation (DX) as the pillar of reform to promptly respond to changes in the social environment, in terms of "improve profitability and efficiency," we took these initiatives to promote operational efficiency and improvements and reforms at our facilities: improve early learning programs to increase the number of children accepted at existing childcare support facilities as our existing business, developing and introducing new content, the introduction of online learning programs (English, gymnastics, eurhythmics, and dance) and online facility tours ahead of other companies, developing online international exchange programs with overseas child care facilities, etc., improve profitability by further optimizing staffing.

In terms of "improve soundness," as the key of childcare support is "human resources," we have been working to establish a new personnel system, expand our human resource education and training systems and improve operational efficiency through systemization.

As for the "improve growth potential," we introduced a new early learning program "Mojikazu Land" through a business alliance with GAKKEN HOLDINGS CO., LTD., and worked to reduce costs and improve on-site operations through joint purchasing, as well as to develop services that provide added value. Through these efforts, we will differentiate ourselves from our competitors and promote the slogan of “create facilities that would be selected by customers”.

Furthermore, we are focusing on developing new businesses to create new value. We have launched "codomel," a childcare support platform for children at more than 300 childcare support facilities nationwide (nursery schools, school clubs, and children’s houses) and their parents, and other people raising children, to provide a wide range of products and services related to childcare during infancy, childhood, and school age. As the first service, we launched the “Childcare Product Matching Service,” which aims to balance childcare support with effective use of resources and environmental preservation (SDGs), while increasing the number of members of this service.

Based on our Group's management philosophy of "Through childcare support, we will contribute in creating smiles for everyone," we will thoroughly make effective use of resources by promoting the reuse and recycling of childcare products, and promote this initiative, which takes into consideration the conservation of the global environment, including the reduction of environmental impact and treatment costs. We are promoting this initiative as a new pillar outside of our existing businesses. In the future, we will expand this business overseas and further expand its services and content.

As for the new facility openings, the Group has opened a total of 11 facilities during the fiscal year ended March 2022 according to the plan, including 3 nursery schools (3 in Tokyo) and 8 school clubs and children's houses (8 in Tokyo).

(Nursery school)

Asc Kami-Shakujii Nursery School	(Apr. 1, 2021)
Asc Kanamachi Nursery School	(Apr. 1, 2021)
Asc Higashikasai Nursery School No. 2	(Apr. 1, 2021)

(School clubs)

Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 2	(Apr. 1, 2021)
Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 3	(Apr. 1, 2021)
Mitaka City Rokusho School Club A	(Apr. 1, 2021)
Niji-iro Kids Club	(Apr. 1, 2021)
Bancho Elementary School After School No. 1	(Apr. 1, 2021)
Bancho Elementary School After School No. 2	(Apr. 1, 2021)
Bancho Elementary School After School Kids'Club (Play school)	(Apr. 1, 2021)
Jindaiji Children's House	(Apr. 1, 2021)

*1: As of April 1, 2021, Tokyo Licensed Nursery Schools named Asc Ontake Nursery School, which had been running since August 1, 2003 and Asc Shimomaruko Nursery School, which had been running since April 1, 2010, were changed into licensed nursery school.
*2: April 1, 2021, with the opening of the Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1 above, Wakuwaku Takinogawa Momiji Hiroba was renamed as Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1.
*3: As of March 31, 2021, the Company closed Tokyo Licensed Nursery Schools named Asc Iidabashi Nursery School, Asc Nishishinjuku Nursery School, Asc Ikebukuro Nursery School, Asc Yukigaya-Otsuka Nursery School, and a private school club named AEL Yokohama Business Park. In addition, due to the expiration of the contract, the Company withdrew from school clubs named Nakano- ku Kids Plaza Yato, Kita-ku Sakura Club No. 1, Kita-ku Daini Sakura Club No. 2, and a children's house named Sayama City Chuo Children's House on March 31, 2021.

As a result, the Group came to have 211 nursery schools, 81 school clubs, 11 children's houses, making a total of 303 facilities for supporting child-raising at the end of March 2022.

As a result, the Group's consolidated net sales were 34,373 million yen (up 2.8% year on year), operating income was 3,344 million yen (up 17.1% year on year), ordinary income was 3,358 million yen (up 13.9% year on year), and net income attributable to owners of parent was 2,279 million yen (up 324.1% year on year). Both sales and profits increased year-on-year and reached record-high profits.

The major factors are as follows:
Despite a decrease in the number of children accepted at the beginning of the fiscal year since the State of Emergency was declared due to the spread of COVID-19, net sales increased by 2.6% year-on-year reflecting an increase in the number of children accepted for the full year and the introduction of new facilities. The increase in number of children accepted was attributable to our efforts to create facilities that would be selected by customers, through implementing online facility tours and online learning programs such as English, gymnastics, eurhythmics and dance, as well as introducing a new early learning program even under the COVID-19 crisis.
Operating income and ordinary income increased by 17.1% year-on-year, while ordinary income increased by 13.9% year-on-year. This was attributable to an increase in sales due to an increase in the number of children accepted during the fiscal year as a result of the various measures mentioned above, as well as to efforts to improve profits and restrain expenses at each facility through efficient operations through the reallocation of personnel at each facility, as well as the review of recruitment activities and the ordering system for various equipment.
In net income attributable to owners of parent, ordinary income increased significantly due to the establishment of an efficient management system.

In the previous fiscal year, our Group closed facilities, where profits deteriorated due to changes in the regional environment, and 10 nursery schools, which have land and buildings in the past and operate them as a foothold for the childcare support business. To avoid the risks of owning these land and buildings, we decided to move them off the balance sheet with a view to future sales and other measures, and recorded impairment losses associated with the use of fixed assets and other factors. As a result, we incurred extraordinary losses.

However, we recorded an extraordinary profit of 183 million in the fiscal year under review. This was mainly due to a significant decrease in impairment losses due to improved profitability at each facility and the sale of fixed assets (land and buildings) at 3 of the 10 facilities that own the above-mentioned land and buildings. As a result, operating income increased by 324.1% year-on-year.

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 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 also 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, reclassification has been made for the previous fiscal year.

(2) Summary of financial condition in the current fiscal year

As for the financial position at the end of the current fiscal year, the total assets amounted to 34,274 million yen (up 4,534 million yen from the end of the previous fiscal year).

Current assets totaled 20,931 million yen (up 5,791 million yen), mainly reflecting an increase of 6,275 million yen in cash and deposits, while there were decreases of 300 million yen in accounts receivable.

Fixed assets totaled 13,343 million yen (down 1,257 million yen). This was mainly due to an increase of 70 million yen in investment securities, while there were decreases of 537 million yen in buildings and structures, 337 million yen in construction in progress, 180 million yen in long-term loans receivable, 149 million yen in land.

Total liabilities amounted to 22,299 million yen (up 2,566 million yen).

Current liabilities totaled 7,891 million yen (up 62 million yen). This was mainly due to increases of 361 million yen in provision for bonuses and 89 million yen in income taxes payable, while there were decreases of 194 million yen in current portion of long-term loans payable, 72 million yen in accounts payable-other, 53 million yen in notes and accounts payable-trade, and 50 million yen in other. Fixed liabilities were 14,407 million yen (up 2,504 million yen). This was mainly due to an increase of 2,510 million yen in long- term loans payable.

Total net assets at the end of the current fiscal year totaled 11,975 million yen (up 1,967 million yen). This was mainly due to an increase of 1,938 million yen in retained earnings.

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter referred to as "the funds") for the current consolidated fiscal year were 3,884 million yen from the funds obtained through operating activities; 413 million yen obtained through investing activities; and 1,978 million yen obtained through financing activities, totaling 17,296 million yen, up 6,275 million yen from the end of the previous fiscal year.

The cash flow situations and their reasons for the current consolidated fiscal year are as follows:

[Cash flows from operating activities]

The funds provided by operating activities were 3,884 million yen (2,469 million yen was provided during the previous consolidated fiscal year).

This was mainly due to income before income taxes and minority interests of 3,495 million yen, depreciation and amortization of 708 million yen, an increase in allowance for bonuses of 361 million yen, a decrease in accounts receivable-other of 300 million yen, and a decrease in other non-current assets of 208 million yen, which were partly offset by income taxes paid of 1,071 million yen, gain on sales of property, plant and equipment of 148 million yen, and a decrease in advances received of 113 million yen.

[Cash flows from investing activities]

The funds provided by investing activities were 413 million yen (190 million yen during the previous consolidated fiscal year).

This was mainly due to proceeds from sales of property, plant and equipment of 461 million yen, proceeds from receipt of subsidy of 449 million yen, and proceeds from collection of long-term loans receivable of 277 million yen, while there were payments for purchase of property, plant and equipment of 687 million yen, other payments of 72 million yen, and payments for guarantee deposits of 37 million yen.

[Cash flows from financing activities]

The funds provided by financing activities were 1,978 million yen (2,155 million yen during the previous consolidated fiscal year).

This was mainly due to the following: proceeds from long-term loans payable of 6,030 million yen, repayment of long-term loans payable of 3,714 million yen, and cash dividends paid of 338 million yen.

The related index of our Group's cash flow is as follows:

	FY3/20	FY3/21	FY3/22
Shareholders' equity ratio (%)	36.9	33.7	34.9
Shareholders' equity ratio against current price (%)	86.7	83.8	55.4
Cash flow to interest-bearing debts ratio (years)	4.8	5.5	4.1
Interest coverage ratio (x)	38.8	41.6	54.8

Notes: Shareholders' equity ratio = shareholders' equity/total assets

Shareholders' equity ratio against current price = total current stock price/total assets Cash flow to interest-bearing debts ratio = interest-bearing debts/cash flow

Cash flow to interest-bearing debts ratio = interest-bearing debts/cash flow Interest coverage ratio = cash flow/interest payment.

[Note 1] All calculated based on consolidated financial amounts.

[Note 2] Total current stock price calculated based on the total number of stocks issued minus treasury shares.

[Note 3] Cash flow here signifies operating cash flow.

[Note 4] Interest-bearing debts here include all the debts that incur interests and appropriated on the consolidated balance sheet.

(4) Future outlook

Looking ahead, we anticipate an increase in the number of dual-income households, problems with children on waiting lists in some areas, a continuing shortage of childcare workers, a further acceleration of the declining birthrate society due to a sharp drop in the birth rate, and continued uncertainty about the future due to the spread of COVID-19. Under such circumstances, rather than prioritizing quantitative expansion through the opening of new facilities, we must transform ourselves into "facilities that would be selected by customers" by further improving the quality of our childcare support in response to changes in the social environment and the needs of parents. Taking advantage of this situation, we will make our efforts by setting more attainable management targets in the medium-term plan.

Our Group's medium-term management plan will be revised on a rolling basis based on the conditions in the previous fiscal year. At the same time, we will continue to take advantage of changes in the social environment and maintain the management policies formulated in the previous fiscal year with the key objectives of "improve profitability and efficiency," "improve soundness," and "improve growth potential." We will effectively allocate and invest management resources to build a solid management foundation and aim for sustainable growth through the creation of new businesses.

Specifically, with DX as the pillar of reform to respond to changes in the social environment, in terms of "improve profitability and efficiency," we will take these initiatives: improve early learning to increase the number of children accepted at existing childcare support facilities as our existing business, develop and introduce new content, improve profitability by further optimizing staffing. With regard to “improve soundness”, we will expand our human resource education and training systems as the key to childcare support is "human resources." At the same time, we will improve the sophistication of operations by improving operational efficiency. In addition, we will further improve the quality of our childcare support and promote the creation of facilities that would be selected by customers by disseminating and implementing both internally and externally the Group's Management Philosophy, Corporate Message, Operational Philosophy, Childcare and Nurturing Philosophy, and Childcare and Nurturing Policy, which were renewed and formulated last year.
In terms of "improve growth potential," we launched a new business, “codomel," a child-raising support platform. This is an online matching service where users sell and purchase reused products, mainly baby items, clothing, and other child-raising related items. Going forward, in addition to collaborating with various companies, we will expand our services not only domestically but also globally, including BtoC business that provides various services and BtoB business that introduces and dispatches professional human resources and provides on-demand broadcasting of professional training programs, etc.
In addition, the Group has provided support for children with developmental concerns through its response to developmental support services and providing visiting support services at childcare facilities. To expand support for children with potential developmental disabilities, we will develop a new business of multi-functional facilities and visiting services based on our experience in providing highly specialized developmental support based on our expertise in childcare support. We will provide such childcare support that is closer to more children and their parents.
For the above reasons, as for the consolidated performance for the next fiscal year, the Company forecasts net sales of 35,640 million yen (up 3.7% year on year), operating income of 3,560 million yen (up 6.4%), ordinary income of 3,580 million yen (up 6.6%), and net income attributable to owners of parent was 2,325 million yen (up 2.0%).

The following is a breakdown of the childcare facilities that the Group has entrusted with the opening of new facilities during the fiscal year ended March 2022 and has started new operations on April 1, 2022.

(Nursery school)	
Asc Musashi-Koganei Minamiguchi Nursery School	(Apr. 1, 2022)
Mitaka City Flexible Childcare Center Hinata	(Apr. 1, 2022)
(School club/Children's house)	
Takenotsuka School Club	(Apr. 1, 2022)
Takaban Elementary School Club	(Apr. 1, 2022)
Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 1	(Apr. 1, 2022)
Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 2	(Apr. 1, 2022)
Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 3	(Apr. 1, 2022)
Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 1	(Apr. 1, 2022)
Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 2	(Apr. 1, 2022)
Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 3	(Apr. 1, 2022)
Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 1	(Apr. 1, 2022)
Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 2	(Apr. 1, 2022)
Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 3	(Apr. 1, 2022)

*1: “Mitaka City Part-time Childcare Center Hinata” began operation on May 1, 2022.
*2: As of March 31, 2022, the Company closed Tokyo Licensed Nursery Schools named Asc Itabashi-honcho Nursery School, Asc Shiodome Nursery School, Asc Takadanobaba Nursery School, Asc Yanokuchi Nursery School.
In addition, due to the expiration of the contract, the Company withdrew from school clubs named Rinsen Elementary School After School Club, Hiroo Elementary School After School Club, Sarugaku Elementary School After School Club, and a children's house named Fukuro Children's House on March 31, 2022.

2. Basic Policies regarding the Selection of Accounting Standards

Our Group produces the financial statements based on the Japanese standard, while taking into consideration the comparabilities of various financial statement terms as well as those of various companies. Incidentally, the application of international accounting standards will be appropriately enforced, in consideration of various situations inside and outside Japan.

3. [Consolidated Financial Statements and Major Notes]

(1) [Consolidated Balance Sheet]

(Thousand yen)

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	11,020,922	17,296,668
Notes and accounts receivable-trade	88,259	68,650
Inventories	167,481	63,900
Accounts receivable - other	3,009,655	2,708,806
Other	858,136	794,924
Allowance for doubtful accounts	-5,057	-1,766
Total current assets	15,139,399	20,931,185
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,853,109	12,326,804
Accumulated depreciation and impairment	-7,439,556	-7,450,666
Buildings and structures, net	5,413,552	4,876,138
Machinery, equipment and vehicles	203	203
Accumulated depreciation	-92	-121
Machinery, equipment and vehicles, net	111	82
Tools, furniture and fixtures	998,658	1,106,051
Accumulated depreciation and impairment	-770,948	-820,246
Tools, furniture and fixtures, net	227,710	285,804
Land	585,678	435,909
Construction in progress	474,178	137,030
Total tangible fixed assets	6,701,231	5,734,966
Intangible assets		
Goodwill	167,122	136,736
Other	47,307	37,904
Total intangible assets	214,430	174,640
Investments and other assets		
Investment securities	382,394	453,084
Long-term loans receivable	3,170,376	2,989,672
Guarantee deposits	1,906,868	1,903,902
Deferred tax assets	1,631,311	1,579,652
Other	603,466	513,833
Allowance for doubtful accounts	-8,871	-6,123
Total investments and other assets	7,685,546	7,434,021
Total fixed assets	14,601,208	13,343,629
Total assets	29,740,607	34,274,814

(Thousand yen)

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	219,266	165,552
Current portion of long-term loans payable	3,307,412	3,113,291
Accounts payable – other	1,634,568	1,561,978
Income taxes payable	551,678	641,517
Accrued consumption taxes	160,836	143,892
Reserve for bonuses	544,474	906,420
Asset retirement obligation	51,900	49,652
Other	1,359,619	1,309,498
Total current liabilities	7,829,755	7,891,803
Fixed liabilities		
Long-term debt	10,305,896	12,816,466
Retirement benefit liability	839,667	940,313
Asset retirement obligation	747,503	647,127
Other	10,012	3,650
Total fixed liabilities	11,903,079	14,407,557
Total liabilities	19,732,834	22,299,361
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	7,178,942	9,117,409
Treasury stock	-107,515	-107,515
Total shareholders' equity	10,124,926	12,063,393
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-84,960	-49,918
Deferred gains or losses on ledges	-6,948	-2,533
Remeasurements of defined benefit plans	-25,245	-35,488
Total accumulated other comprehensive income	-117,154	-87,940
Total net assets	10,007,772	11,975,452
Total liabilities and net assets	29,740,607	34,274,814

(2) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statement of Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net sales	33,500,908	34,373,668
Cost of sales	27,687,332	28,052,451
Gross profit	5,813,575	6,321,216
Selling, general and administrative expenses	2,956,223	2,976,295
Operating income	2,857,352	3,344,921
Non-operating income		
Interest income	89,805	77,203
Other	84,132	25,225
Total non-operating income	173,938	102,429
Non-operating expenses		
Interest expenses	58,203	69,138
Handicapped employment levy	9,550	13,500
Other	15,729	6,115
Total non-operating expenses	83,482	88,754
Ordinary income	2,947,807	3,358,596
Extraordinary income		
Gain on sales of fixed assets	3,606	148,715
Gain on reversal of asset retirement obligations	11,100	34,896
Gain on sales of affiliates	13,735	-
Recoveries of written off receivables	5,866	-
Extraordinary income	34,308	183,611
Extraordinary loss		
Loss (gain) on retirement of fixed assets	3,648	389
Impairment loss (on facilities)	2,020,772	43,610
Loss on sales of investment securities	67,718	3,052
Total extraordinary loss	2,092,140	47,051
Income before income taxes and minority interests	889,976	3,495,156
Corporate, inhabitant and enterprise taxes	936,449	1,175,928
Income taxes-deferred	-584,017	39,633
Total income tax	352,431	1,215,561
Net income	537,544	2,279,594
Net income attributable to owners of parent	537,544	2,279,594

[Consolidated Statement of Comprehensive Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net income	537,544	2,279,594
Total accumulated other comprehensive income		
Valuation difference on available-for- sale securities	139,477	35,041
Deferred gains or losses on ledges	-1,410	4,415
Foreign currency translation adjustments	-2,610	-
Remeasurements of defined benefit plans	39,650	-10,242
Total other comprehensive income	175,107	29,214
Comprehensive income	712,651	2,308,808
Breakdown		
Comprehensive income attributable to owners of parent	712,651	2,308,808

(3) [Consolidated Statements of Changes in Shareholders' Equity]

Previous Fiscal Year (April 1, 2020 – March 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	6,982,526	-107,515	9,928,510
Changes of items during the period					
Dividends from surplus			-341,127		-341,127
Net income attributable to owners of parent			537,544		537,544
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	196,416	-	196,416
Balance at the end of current period	1,603,955	1,449,544	7,178,942	-107,515	10,124,926

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on ledges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	-224,438	-5,537	2,610	-64,895	-292,261	9,636,249
Changes of items during the period						
Dividends from surplus						-341,127
Net income attributable to owners of parent						537,544
Net changes of items other than shareholders' equity	139,477	-1,410	-2,610	39,650	175,107	175,107
Total changes of items during the period	139,477	-1,410	-2,610	39,650	175,107	371,523
Balance at the end of current period	-84,960	-6,948	-	-25,245	-117,154	10,007,772

Previous Fiscal Year (April 1, 2021 – March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	7,178,942	-107,515	10,124,926
Changes of items during the period					
Dividends from surplus			-341,127		-341,127
Net income attributable to owners of parent			2,279,594		2,279,594
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,938,466	-	1,938,466
Balance at the end of current period	1,603,955	1,449,544	9,117,409	-107,515	12,063,393

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on ledges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	-84,960	-6,948	-	-25,245	-117,154	10,007,772
Changes of items during the period						
Dividends from surplus						-341,127
Net income attributable to owners of parent						2,279,594
Net changes of items other than shareholders' equity	35,041	4,415	-	-10,242	29,214	29,214
Total changes of items during the period	35,041	4,415	-	-10,242	29,214	1,967,680
Balance at the end of current period	-49,918	-2,533	-	-35,488	-87,940	11,975,452

(4) [Consolidated Statement of Cash Flows]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	889,976	3,495,156
Depreciation and amortization	729,258	708,752
Amortization of goodwill	30,385	30,385
Increase (decrease) in allowance for doubtful accounts	4,068	-6,039
Increase (decrease) in provision for bonuses	-10,361	361,945
Increase (decrease) in liabilities relating to retirement benefits	143,058	85,032
Loss (gain) on sale of investment securities	67,718	3,052
Interest and dividends income	-89,805	-77,203
Interest expenses	58,203	69,138
Loss (gain) on retirement of fixed assets	3,648	389
Loss (gain) on sales of fixed assets	-3,606	-148,715
Gain on reversal of asset retirement obligations	-11,100	-34,896
Gain on sales of affiliates	-13,735	-
Recoveries of written off receivables	-5,866	-
Impairment loss	2,020,772	43,610
Decrease (increase) in notes and accounts receivable-trade	-14,075	19,608
Decrease (increase) in inventories	-56,221	103,580
Decrease (increase) in accounts receivable - other	-592,079	300,848
Decrease (increase) in accrued consumption taxes	89,524	13,275
Decrease (increase) in notes and accounts payable-trade	19,429	-53,713
Decrease (increase) in accounts payable - other and accrued expenses	-9,876	-55,507
Increase (decrease) in accrued consumption taxes	43,210	-16,943
Increase (decrease) in advances received	-117,554	-113,090
Decrease (increase) in other current assets	-39,341	88,986
Decrease (increase) in other fixed assets	158,109	208,446
Increase (decrease) in other current liabilities	28,122	-5,068
Increase (decrease) in other fixed liabilities	3,033	5,553
Subtotal	3,324,895	5,026,584
Interest and dividends income received	17,338	288
Interest expenses paid	-59,340	-70,909
Income taxes (paid) refund	-813,724	-1,071,534
Net cash provided by (used in) operating activities	2,469,167	3,884,429

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-634,740	-687,204
Purchase of intangible assets	-9,360	-4,512
Proceeds from sales of property, plant and equipment	5,120	461,310
Proceeds from subsidy income	443,436	449,115
Proceeds from sales of investment securities	222,153	17,481
Payments for guarantee deposits	-63,469	-37,710
Proceeds from collection of guarantee deposits	18,846	44,864
Payments of long-term loans receivable	-110,000	-35,000
Collection of long-term loans receivable	264,716	277,591
Proceeds from sales of investments in affiliates resulting in change in scope of consolidation	73,538	-
Other	-19,403	-72,936
Net cash provided by (used in) investing activities	190,839	413,000
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	4,400,000	6,030,880
Repayments of long-term loans payable	-1,906,063	-3,714,431
Cash dividends paid	-338,733	-338,133
Net cash provided by (used in) financing activities	2,155,203	1,978,315
Effect of exchange rate change on cash and cash equivalents	-775	-
Net increase (decrease) in cash and cash equivalents	4,814,435	6,275,745
Cash and cash equivalents at beginning of period	6,206,487	11,020,922
Cash and cash equivalents at end of period	11,020,922	17,296,668

(5) Notes on the consolidated financial statements

(Notes on going concern assumption)

None applicable

(Changes in accounting policies)

(Application of the accounting standard for revenue recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current fiscal year and it recognizes revenue when it satisfies a performance obligation by transferring promised goods or services (an asset) to a customer. An asset is transferred when the customer obtains control of that asset. It recognizes as revenue the amount expected to be received upon exchange of goods or services.

There is no impact on the consolidated financial statements for the current and previous fiscal years.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement, etc.” (ASBJ Statement No. 30, July 4, 2019) from the beginning of the current fiscal year, and it has applied the accounting policies stipulated in the “Accounting Standard for Fair Value Measurement, etc.” prospectively in accordance with the transitional treatment provided in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 of July 4, 2019). The application of this standard has no effect on the consolidated financial statement.

(Segment Information)

As our group operates within one single segment (nursery service), we have omitted the descriptions as such.

(Per-stock Information)

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net assets per share	114.42 yen	136.91 yen
Net income per share	6.15 yen	26.06 yen

(Note) 1. Diluted net income per share is omitted as there are no dilutive shares.

2. The basis for calculating net income per share is as follows:

	Previous Fiscal Year (Apr. 1, 2020 - March 31, 2021)	Current Fiscal Year (Apr. 1, 2021 - March 31, 2022)
Net income attributable to owners of parent (thousand yen)	537,544	2,279,594
Net income not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common shares (thousand yen)	537,544	2,279,594
Average number of common stock during period (shares)	87,468,693	87,468,693

(Significant events after the reporting period)

None applicable.