



JP HOLDINGS GROUP
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Prime Market (2749)

Financial Results for the Fiscal Year ended March 2022/ Medium-Term Management Plan

May 20, 2022
JP-HOLDINGS, INC.

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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., J Kitchen Inc., which cooks meals for nursery schools, J Cast Inc., which offers classes in English, gymnastics, and eurhythmics for childcare support facilities and supports development for childcare, 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 and support business by visiting nursery schools, and operates the childcare platform "codomel." These subsidiaries are managed and supervised by JP Holdings, Inc.

Outline of the Business of JP-Holdings

We operate the childcare support business in an integrated manner.

JP-Holdings
Business administration/development
(new and existing businesses)

Group purchase
Sale of childcare goods
Development of group facilities



Development and operation of early childhood learning programs
English, exercise, eurhythmics, dance
Support for development








Operation of nursery schools, school clubs, and children's houses
Operating 307 facilities around Japan



Cooking of lunches (Our company and other companies)
Advisory



Training business
BPO service
Support business by visiting nursery schools
Platform business
Overseas business

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>		

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



- ◎ To reduce environmental burdens and disposal costs, by thoroughly reusing and recycling necessary products for childcare
- ◎ To support “childcare around the world” by offering inexpensive, high-quality, reused childcare goods, which are available only in Japan, to countries and regions in need

Child-rearing assistance platform

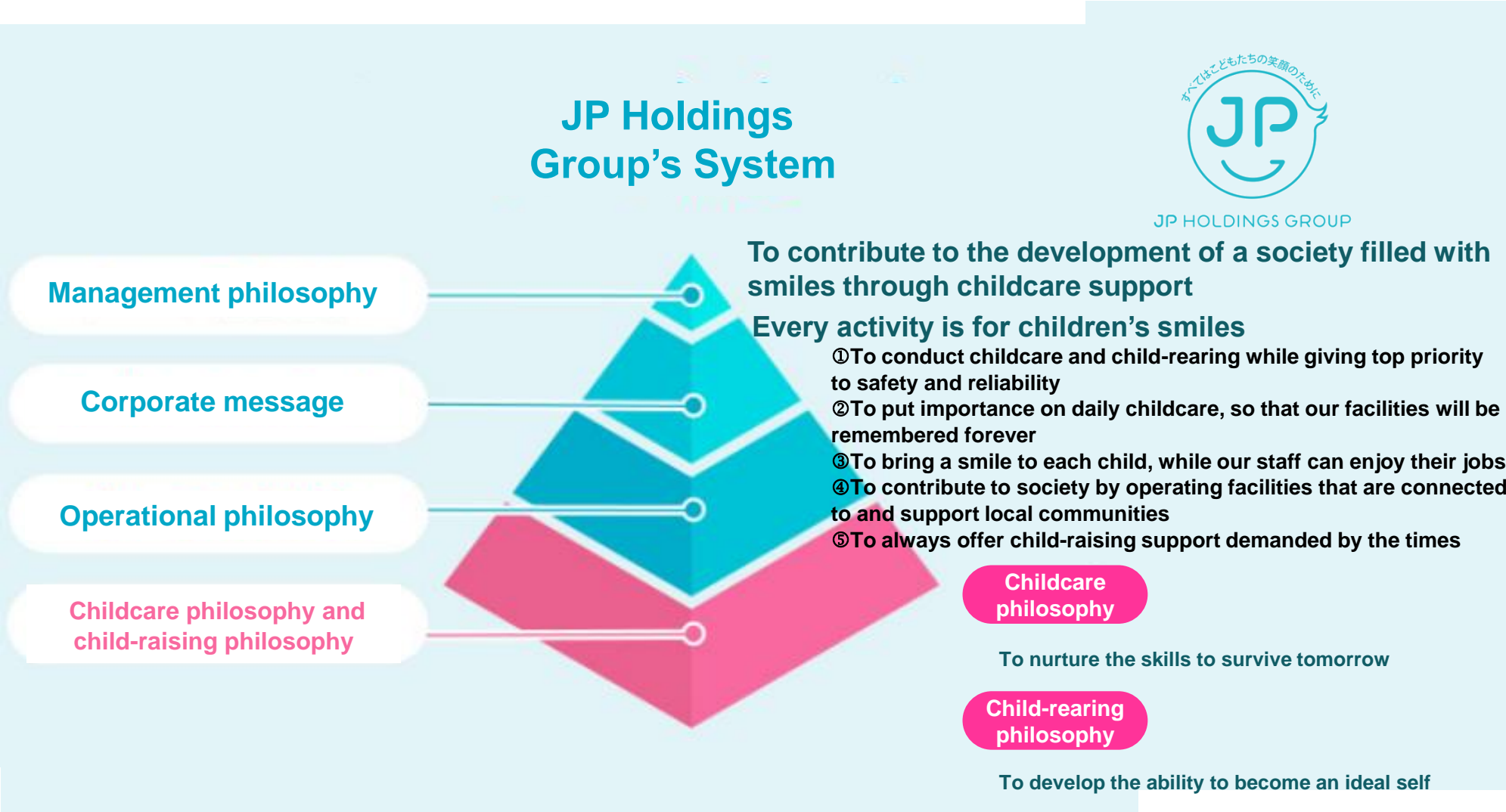


Sustainable Development Goals



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.





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FY3/22 Results

FY3/22 Consolidated Results (Summary)

Thanks to the increase in the number of children accepted, curtailment of costs, etc., sales and profit grew, achieving a record-high profit.

Net sales: Grew thanks to the increase in the number of children accepted through the establishment of new facilities and mainly online programs.

Operating and ordinary incomes: Grew thanks to the sales growth and curtailment of costs, despite the rise in the provision for bonuses due to the change in the bonus payment period in the wake of the adoption of a new HR system and the augmentation of expenses due to the installation of systems.

Net income: Rose because ordinary income increased considerably through the establishment of an efficient operation system and we posted an extraordinary income in FY 3/2022, as impairment loss decreased significantly through the improvement of profitability of each facility and we sold fixed assets of 3 out of 10 nursery schools owning land and buildings, although there was a significant extraordinary loss in the previous term.

Unit: million yen	FY3/21	FY3/22	Change Compared to the Previous Term	Rate of Change Compared to the Previous Term	Rate of Change Compared to the Forecast	Forecast
Net sales	33,500	34,373	872	2.6%	1.4%	33,900
Operating income	2,857	3,344	487	17.1%	22.5%	2,730
Operating income margin	8.5%	9.7%	1.2%	-	1.6%	8.1%
Ordinary income	2,947	3,358	410	13.9%	21.7%	2,760
Ordinary income margin	8.8%	9.8%	1.0%	-	1.6%	8.1%
Net income attributable to owners of parent	537	2,279	1,742	324.1%	29.5%	1,760
Net income per share (yen)	6.15	26.06	19.9	323.7%	-	-
ROE	5.5%	20.7%	15.2%	276.4%	-	-

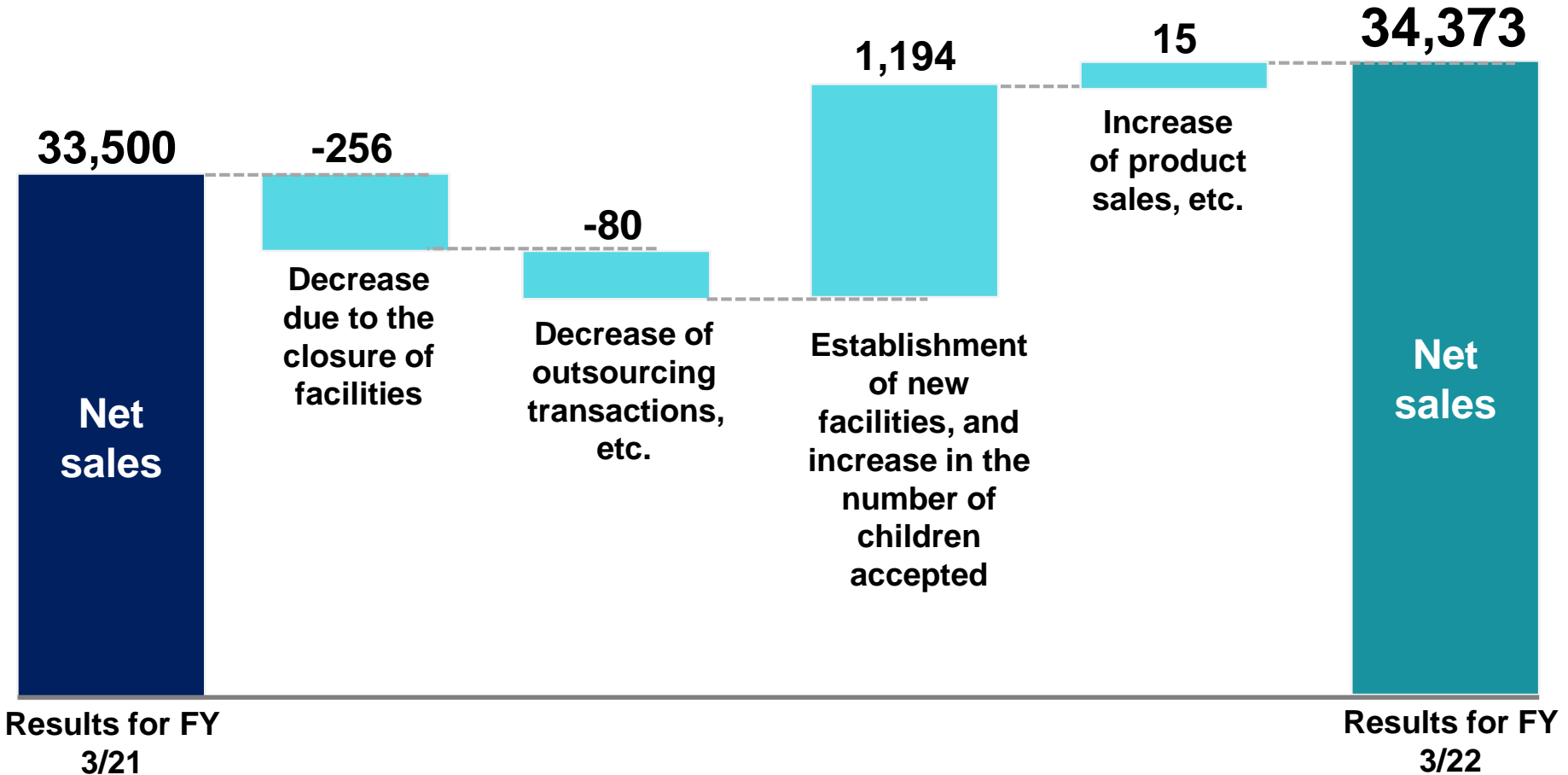
*1 : Net income represents "Net income attributable to owners of parent."

*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.

FY3/22 Factors for Changes in Net Sales

Net sales

Sales grew, as new facilities were opened and the number of children accepted increased during the term thanks to the efforts to “develop nursery schools and facilities that would be selected by customers,” including the digital tours of facilities, online programs regarding English, exercise, eurhythmics, dance, etc. amid the coronavirus pandemic, and the adoption of new programs for early childhood learning.

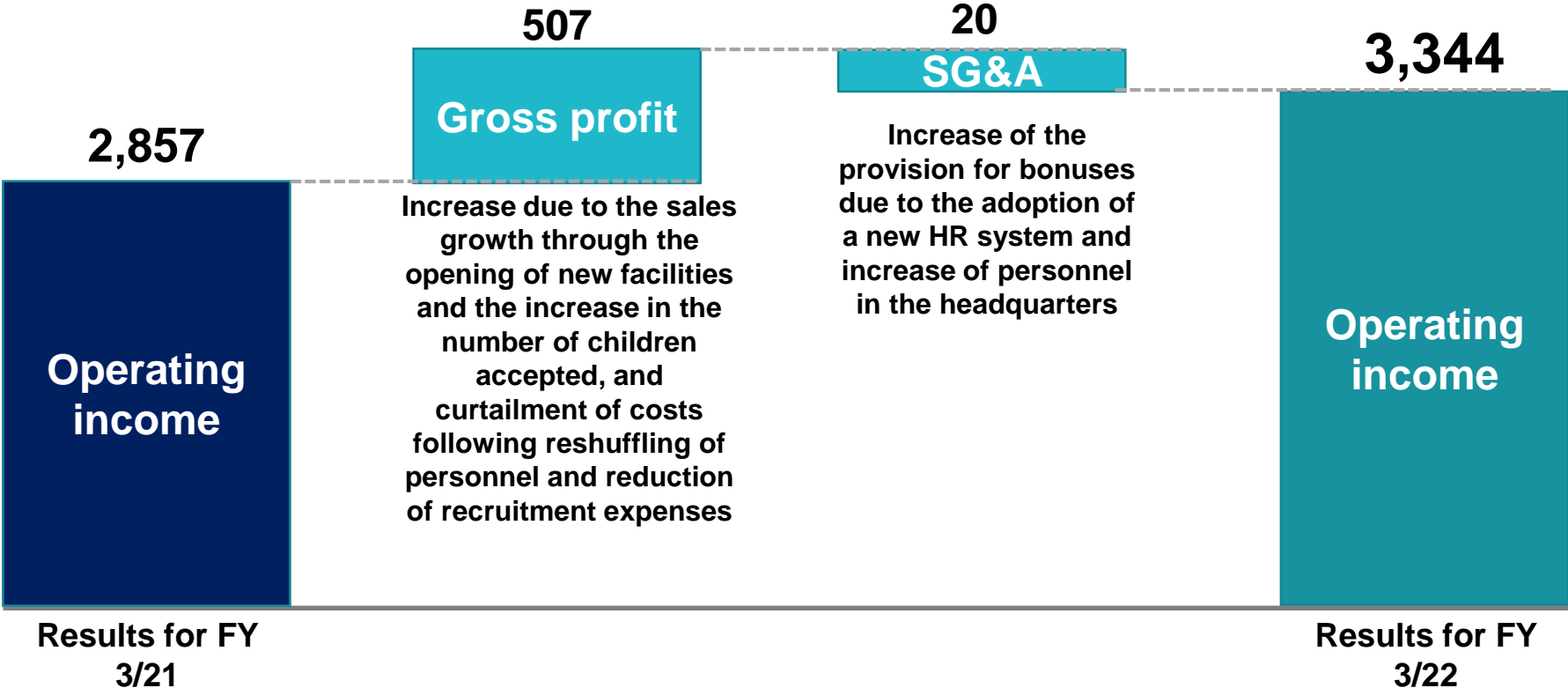


(Unit: million yen/ Rounded down to the nearest million yen.)

FY3/22 Factors for Changes in Operating Income

Operating income

Operating income grew, hitting a record high, because sales grew thanks to the opening of new facilities, etc. and we curtailed expenses by pursuing efficient management through the reshuffling of personnel at each facility and the improvement of recruitment activities, although expenditure augmented by 400 million yen due to special factors, such as the rise in the provision for bonuses due to the change in the bonus payment period in the wake of the adoption of a new HR system and the augmentation of costs for installing systems.

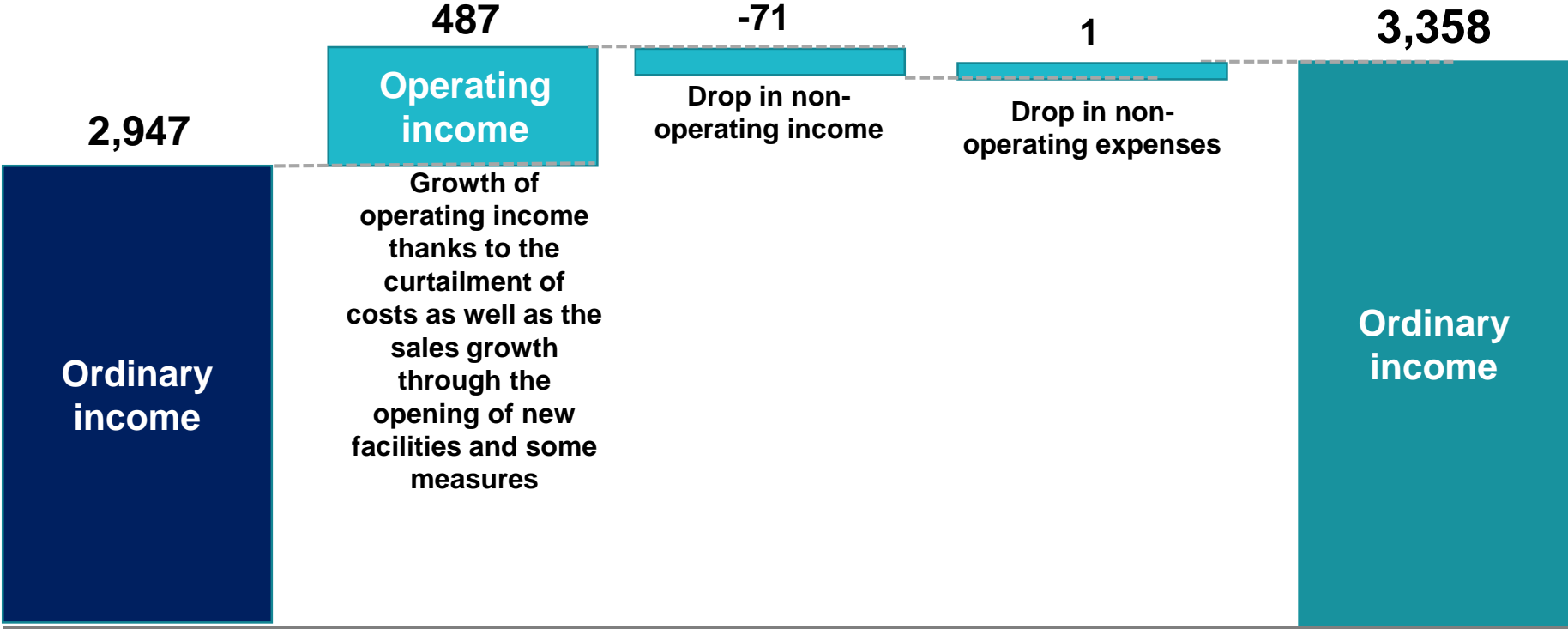


(Unit: million yen/ Rounded down to the nearest million yen.)

FY3/22 Factors for Changes in Ordinary Income

Ordinary income

Ordinary income grew considerably, hitting a record high, thanks to efficient operation, curtailment of expenses, and the sales growth through the opening of new facilities and the increase in the number of children accepted, which were achieved by measures, mainly online programs.



Results for FY 3/21

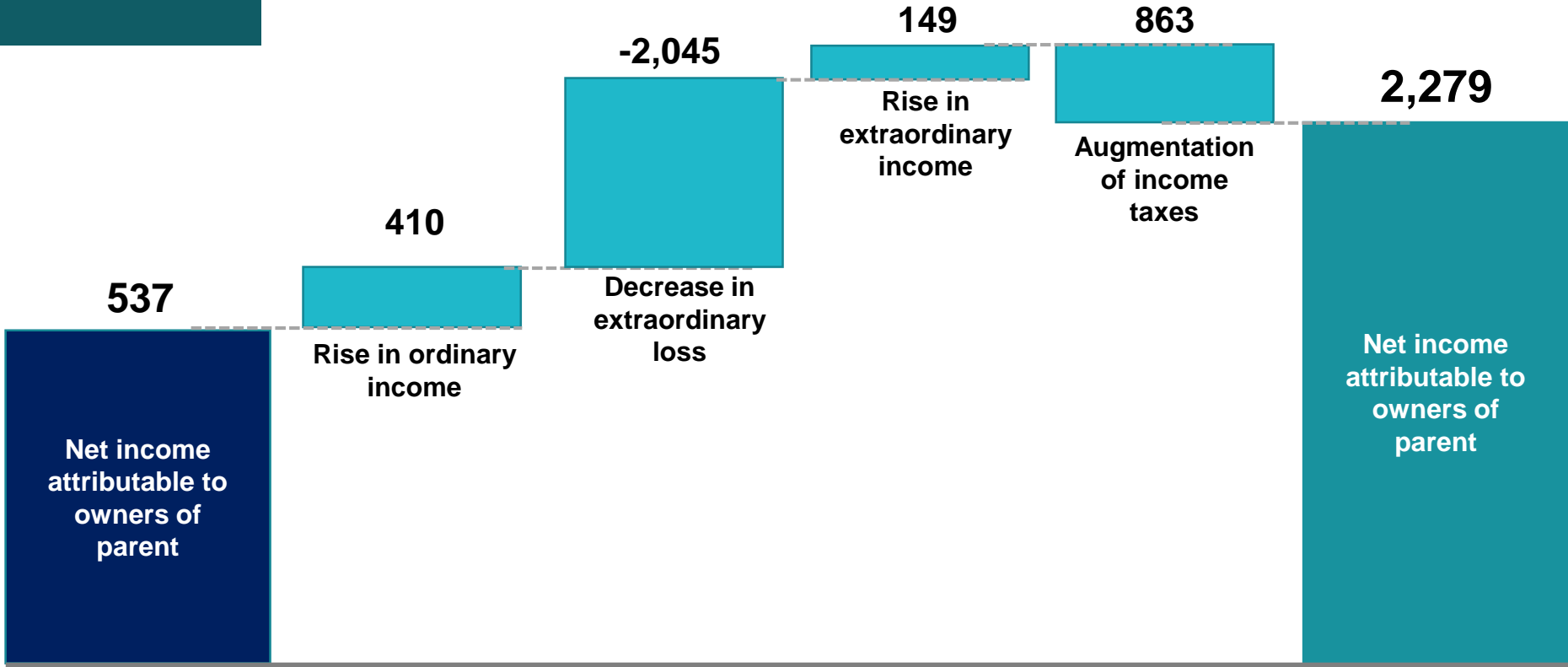
Results for FY 3/22

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

FY3/22 Factors for Changes in Net Income

Net income attributable to owners of parent

Net income increased as ordinary income grew considerably through the establishment of an efficient operation system, impairment loss declined significantly in the current term through the improvement of profitability at each facility despite the posting of a significant extraordinary loss in the previous term, and we posted an extraordinary income, because we sold fixed assets for 3 out of 10 nursery schools owning land and buildings.



Results for FY 3/21

Results for FY 3/22

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

FY3/22 Consolidated Results (Financial Position)

Increase of funds for coping with the uncertain situation amid the coronavirus pandemic

Financial condition

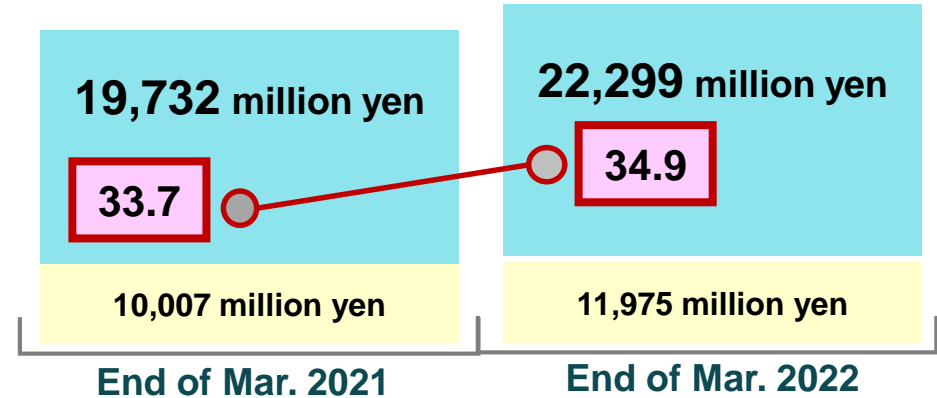
End of March 2022 *() = Difference with the end of March 2021

Assets 34,274 million yen (+4,534 million yen)	Liabilities 22,299 million yen (+2,566 million yen)
	Net assets 11,975 million yen (+1,967 million yen)

Million yen	End of Mar. 2021	End of Mar. 2022
Current assets	15,139	20,931
Fixed assets	14,601	13,343
Total assets	29,740	34,274
Current liabilities	7,829	7,891
Fixed liabilities	11,903	14,407
Total liabilities	19,732	22,299
Total net assets	10,007	11,975

Liabilities, Net Assets, Shareholders Equity Ratio

■ Liabilities ■ Net assets ○ Equity Ratio (%)



Cash and deposits	17,296 million yen
Inventory assets	63 million yen
Accounts receivable-other	2,708 million yen
Construction in progress	137 million yen

Current portion of long-term loans-payable	3,113 million yen
Accounts payable	1,561 million yen
Income taxes payable	641 million yen
Long-term loans payable	12,816 million yen

Retained earnings	9,117 million yen
Accumulated other comprehensive income	-87 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.)

FY3/22 Consolidated Results (Balance Sheet)

	End of Mar. 2021 (million yen)	End of Mar. 2022 (million yen)	Change (million yen)
Total current assets	15,139	20,931	5,791
(Cash and deposits)	11,020	17,296	6,275
(Accounts receivable-other)	3,009	2,708	-300
Total fixed assets	14,601	13,343	-1,257
(Total tangible fixed assets)	6,701	5,734	-966
(Total intangible fixed assets)	214	174	-39
(Total investments and other assets)	7,685	7,434	-251
Total assets	29,740	34,274	4,534
Total current liabilities	7,829	7,891	62
(Current portion of long-term loans-payable)	3,307	3,113	-194
(Accounts payable)	1,634	1,561	-72
Total fixed liabilities	11,903	14,407	2,504
(Long-term loans-payable)	10,305	12,816	2,510
Total liabilities	19,732	22,299	2,566
Total net assets	10,007	11,975	1,967
Total liabilities and net assets	29,740	34,274	4,534

(Rounded down to the nearest million yen)

FY3/22 Consolidated Results (Cash Flows)

Operating CF: Increase in pretax profit and decrease in impairment loss

Investing CF: Sale of tangible fixed assets and investment securities, and acquisition of fixed assets for opening new facilities

Financing CF: We increased long-term loans while considering the impact of COVID-19.

(Million yen)	FY 3/21	FY 3/22	Change
Cash flows from operating activities	2,469	3,884	1,415
Cash flows from investing activities	190	413	222
Free cash flow	2,659	4,297	1,638
Cash flows from financing activities	2,155	1,978	-176
Cash and cash equivalents at end of period	11,020	17,296	6,275

(Rounded down to the nearest million yen)



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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 (Difference)

Our company actively promoted digitization compared with competitors, the enrollment of more pupils, and the “development of nursery schools and facilities that would be selected by customers.” As a result, our business performance exceeded the forecast considerably.

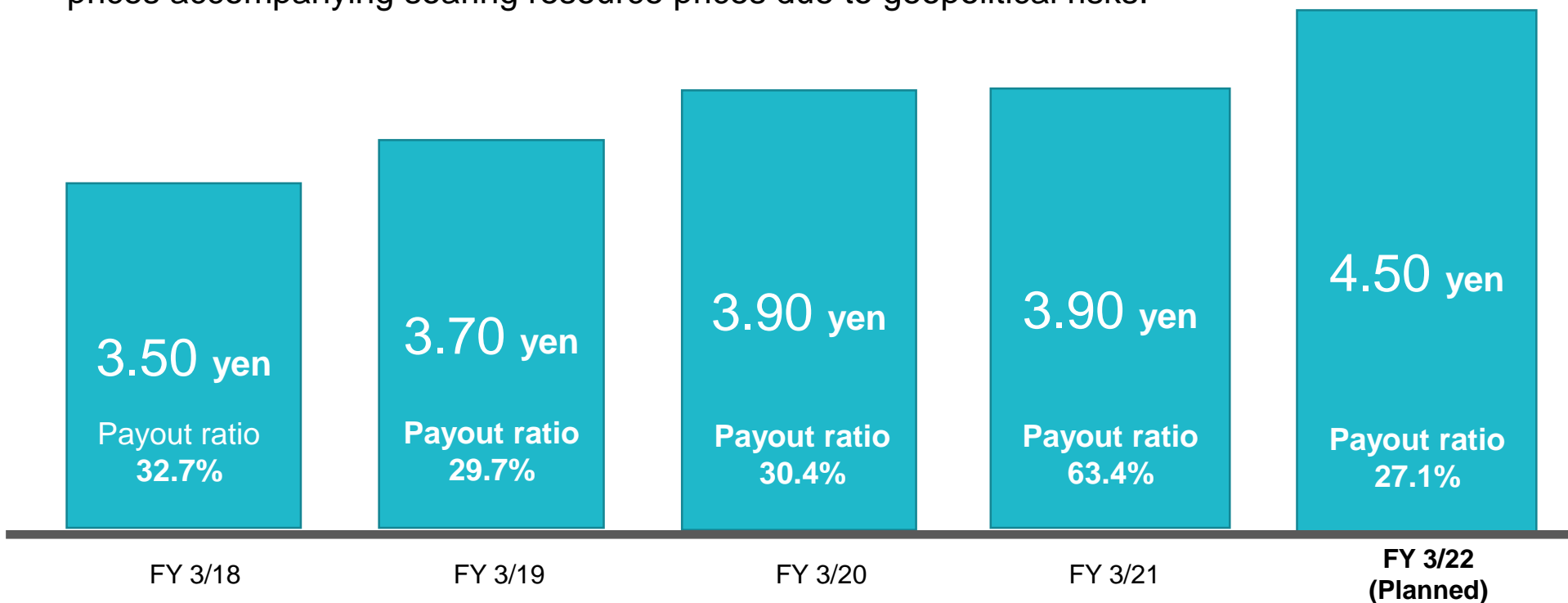
	Results for FY 3/21	Initial full-year forecast for FY 3/22	Revised full-year forecast for FY 3/22	Results for FY 3/22	Difference from the revised full-year forecast	Ratio of difference from the revised full-year forecast
Net sales (million yen)	33,500	33,700	33,900	34,373	473	1.4%
Operating income (million yen)	2,857	2,300	2,730	3,344	614	22.5%
Ordinary income (million yen)	2,947	2,300	2,760	3,358	598	21.6%
Net income attributable to owners of parent (million yen)	537	1,450	1,760	2,279	519	29.5%
Net income per share (yen)	6.15	16.58	20.12	26.06	5.93	29.5%
Dividend per share (yen)	3.90	4.50	4.50	4.50	0%	0%
Dividend payout ratio (%)	63.4	27.1	22.4	17.3	-5.1%	-22.8%
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	3 Switch to licensed nursery school: 2	0	0%
Expected consignment of school clubs and children's houses (facility)	5	8	8	8	0	0%

(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.
- We keep dividend per share at the amount decided at the beginning of the fiscal year of 4.50 yen after comprehensively taking into account the unstable economic environment including the lingering spread of COVID-19, rapid acceleration of declining birthrate, and the rise in commodity prices accompanying soaring resource prices due to geopolitical risks.



*The year-end dividend for FY3/22 will be the dividend per share if approval is obtained at the Company's 30th 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 303 facilities as of the End of March 2022



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



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3

Reviewing and Updating of the New Medium-term Management Plan



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Review of the Medium-term Management Plan (FY 3/22)

Progress of the Medium-term Management Plan Disclosed in FY 3/22

We completed the medium-term management plan about 2 years earlier than initially scheduled.

New measures

•To improve profitability at each facility by streamlining operation through the reshuffling of personnel, improving recruitment activities, etc. and curtail expenses by upgrading the system for placing orders for goods, to increase profit

Cost reduction Revenue improvement

•To increase revenues, by “developing nursery schools and facilities that would be selected by customers” through various measures, such as the online tours of nursery schools, online programs on English, exercise, eurhythmics, and dance, the adoption of new programs for early childhood learning, and online international exchange programs.

Unit: million yen	Initial Plan		
	FY3/22	FY3/23	FY3/24
	Plan	Plan	Plan
Net sales	33,900	33,700	34,700
Operating income	2,300		
Operating income margin	6.8%		
Ordinary income	2,300	2,970	3,500
Ordinary income margin	6.8%	8.8%	10.1%
Net income attributable to owners of parent	1,450		
Net income margin	4.3%		



Results	
FY3/22	
Results	Vs. Initial Plan
34,373	1.4%
3,344	45.4%
9.7%	2.9%
3,358	46.0%
9.8%	3.0%
2,279	57.2%
6.6%	2.4%

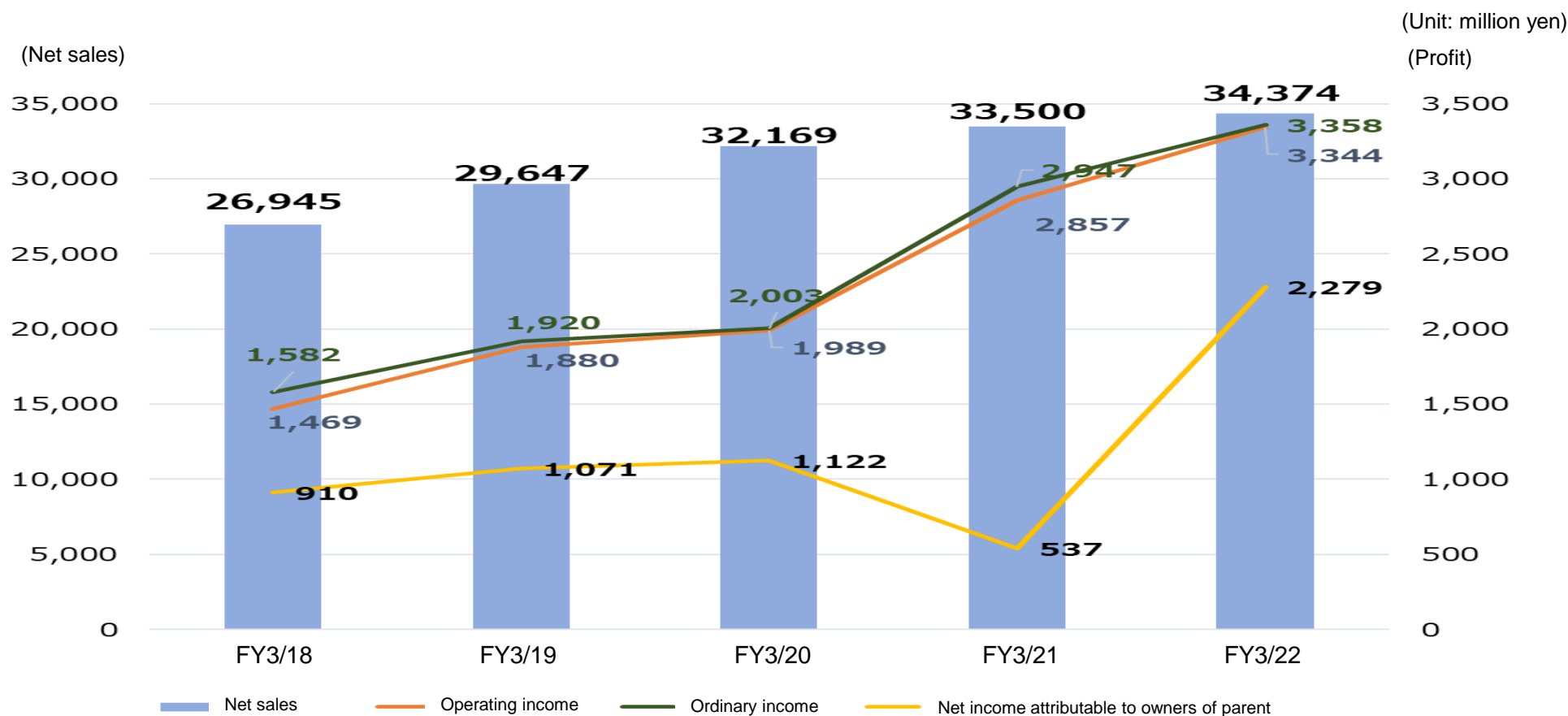
*1: We changed the presentation methods, to include subsidy income for childcare business, which had been posted in non-operating income, in “Net sales” from the first quarter of the current fiscal year.

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

Performance Indicators in the Medium-term Management Plan

Sales have been steady, while profitability increased due to the personnel reshuffling and the acquisition of new subsidiaries.

**Net sales grew 127.6% between FY 3/18 and FY 3/22.
Ordinary income rose 212.3% between FY 3/18 and FY 3/22.**



Review of the First Fiscal Year (FY 3/22) of the Medium-term Management Plan

Revenues, business restructuring, streamlining of operations, and growth strategy progressed as planned.

Item	Overview	Evaluation						
Management goal	Establishment of the management foundation and implementation of growth strategies Aiming to develop “nursery schools and facilities that would be selected” by guardians, municipalities, training schools, and employees	○						
Business goals for FY 3/24	Strengthening of the management foundation and improvement in revenues Aiming to achieve an ordinary income margin of 10.0% or higher (in 3 years)	○						
Priority challenges	Improvement in revenues from existing facilities, enrichment of early childhood learning, creation of new businesses, and enhancement and continuous promotion of measures against infectious diseases	○						
Management policy Challenges	<table border="1"> <tr> <td>Selection and concentration</td> <td>Vitalization of organizations</td> <td>Brand development</td> </tr> <tr> <td>Profitability and efficiency</td> <td>Growth potential (Early childhood learning and new development)</td> <td>Soundness</td> </tr> </table>	Selection and concentration	Vitalization of organizations	Brand development	Profitability and efficiency	Growth potential (Early childhood learning and new development)	Soundness	○
Selection and concentration	Vitalization of organizations	Brand development						
Profitability and efficiency	Growth potential (Early childhood learning and new development)	Soundness						
Development of the management foundation	<ul style="list-style-type: none"> ● Strengthening of the business portfolio (new and existing businesses) ● Education of personnel and the entrenchment of a new HR system ● Systemization (sophistication of business administration and streamlining of business operations) ● Tightening of the governance system ● Strengthening of development functions ● Improvement of revenues (existing business, review of operations, cooperation between organizations) 	△ (Systemization) (Cooperation between organizations)						

Challenges

- ① Segregation and systematization of head-office and on-site tasks and inter-organization cooperation for streamlining business operations further
- ② Regional alliances, new measures, and further dissemination of information for developing “nursery schools and facilities that would be selected”
- ③ Sustainable business expansion and launch of growth strategies



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Review of the Medium-term Management Plan (FY 3/22 to FY 3/24) via a Rolling Method

Business Environment Surrounding our Company

As our business environment is changing, we need to take measures for evolving our existing businesses and achieving further growth.

Current situation

◆ Changes in the business environment

- ◎ Rapid spread of the omicron variant (spread of health damage)
- ◎ Worsening of internal and external economies
 - Rise in prices of commodities (skyrocketing of prices of resources)
- ◎ Significant and sharp drop in the number of births
- ◎ Increase of the budget for childcare support (Japan)

◆ Management issues

- ◎ Maintenance of health and motivation amid the coronavirus pandemic
- ◎ Improvement of mindsets of onsite workers
- ◎ Streamlining of business operations → Compact head office
- ◎ Establishment of growth strategies

Predicted changes in the environment

- ◎ Intensification of the competition for acquiring children
- ◎ Closure of more nursery schools
- ◎ Acceleration of restructuring of childcare enterprises (forming alliances in response to oligopolization)
- ◎ Outsourcing of operation of more public nursery schools to private enterprises
- ◎ Change of social welfare corporations due to the amended Social Welfare Act (enhancement of competitiveness)
- ◎ Establishment of Agency for Children and new subsidies

Develop nursery schools and facilities that would be selected by customers

Improvement in corporate value/Sustainable growth

Business Environment Surrounding our Company (Supplementary)

Concern over the augmentation of costs due to the rise in prices of commodities

Lingering rampancy of the omicron variant



- Demand and crowd control for preventing the spread of infection
- Restriction on supply, disturbance in logistics, and shortage of manpower due to the spread of infection
- The infection situation is uncertain, so the supply-demand balance is teetering.

Rise in prices of commodities



Growing tension in Ukraine



- Skyrocketing of prices of resources and rise in prices of related products, etc.
- Worsening of corporate earnings due to the augmentation of costs
- Enhancement of the trend of monetary easing

Rise in interest rate

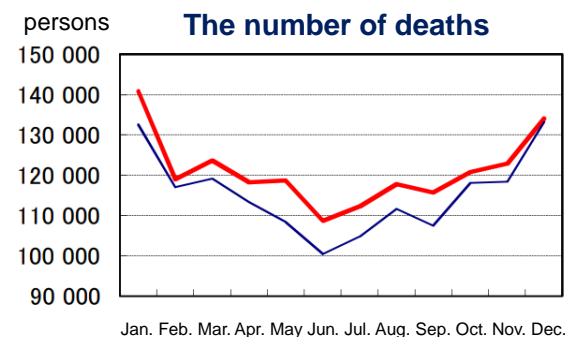
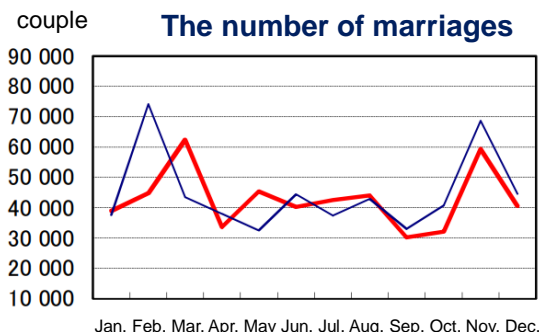
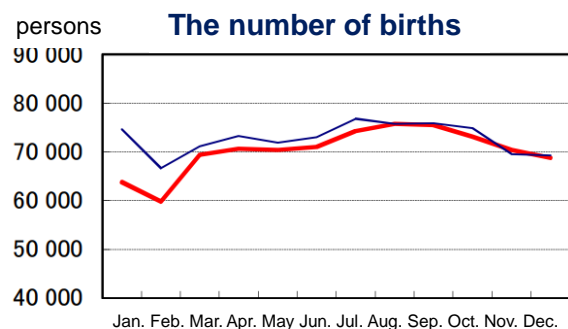


- Risk of turmoil in the financial market, including the drop in share prices, the weakening currencies of emerging countries, etc.
- Sluggish economy recovery due to the rise in interest rate

Worsening of internal and external economies

Business Environment Surrounding our Company (Supplementary Material)

- The number of births was **842,897, hitting a record low.** (down 29,786 or 3.4% from the previous year)
- The natural population increase/decrease, which is obtained by subtracting the number of deaths from the number of births, was **609,000 (decrease), exceeding 600,000 (decrease) for the first time.**
- The number of marriages was **514,242, the smallest after WW II** (down 23,341 (4.3%) from the previous year)
- Survey targeted at college students: **The percentage of those who do not want their children was 14.5% for women and 7.5% for men, nearly doubling from 6 years ago.**



	2021	2020	Y/y	Increase/ decrease rate
No. of births	842,000	872,000	Down 30,000	Down 3.4%
No. of marriages	514,000	537,000	Down 23,000	Down 4.3%
No. of deaths	1,452,000	1,384,000	Up 67,000	Up 4.9%

Policy for the Medium-term Management Plan (Review via a Rolling Method)

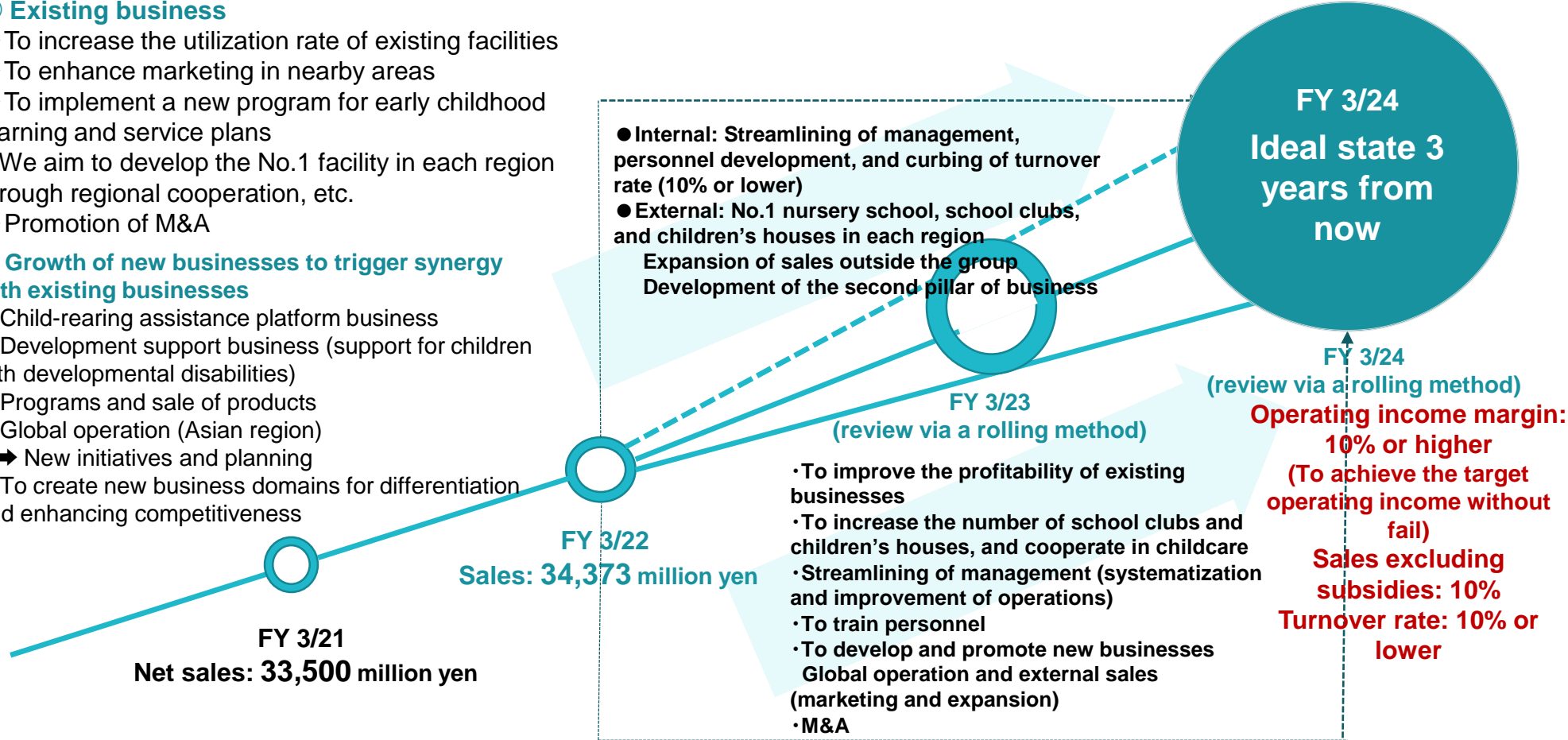
- Envisioning an ideal state 3 years from now, we will expand the scale of existing businesses, develop and promote new businesses, and actively engage in them while considering M&A and business alliances.
- In the childcare support business, as competition is projected to become fierce mainly in the Tokyo Metropolitan area, we will enhance marketing, improve convenience for guardians, and enrich early childhood learning programs for “developing nursery schools and facilities that would be selected by customers” and aim to develop the No.1 facility in each region.

① Existing business

- To increase the utilization rate of existing facilities
 - To enhance marketing in nearby areas
 - To implement a new program for early childhood learning and service plans
- We aim to develop the No.1 facility in each region through regional cooperation, etc.
- Promotion of M&A

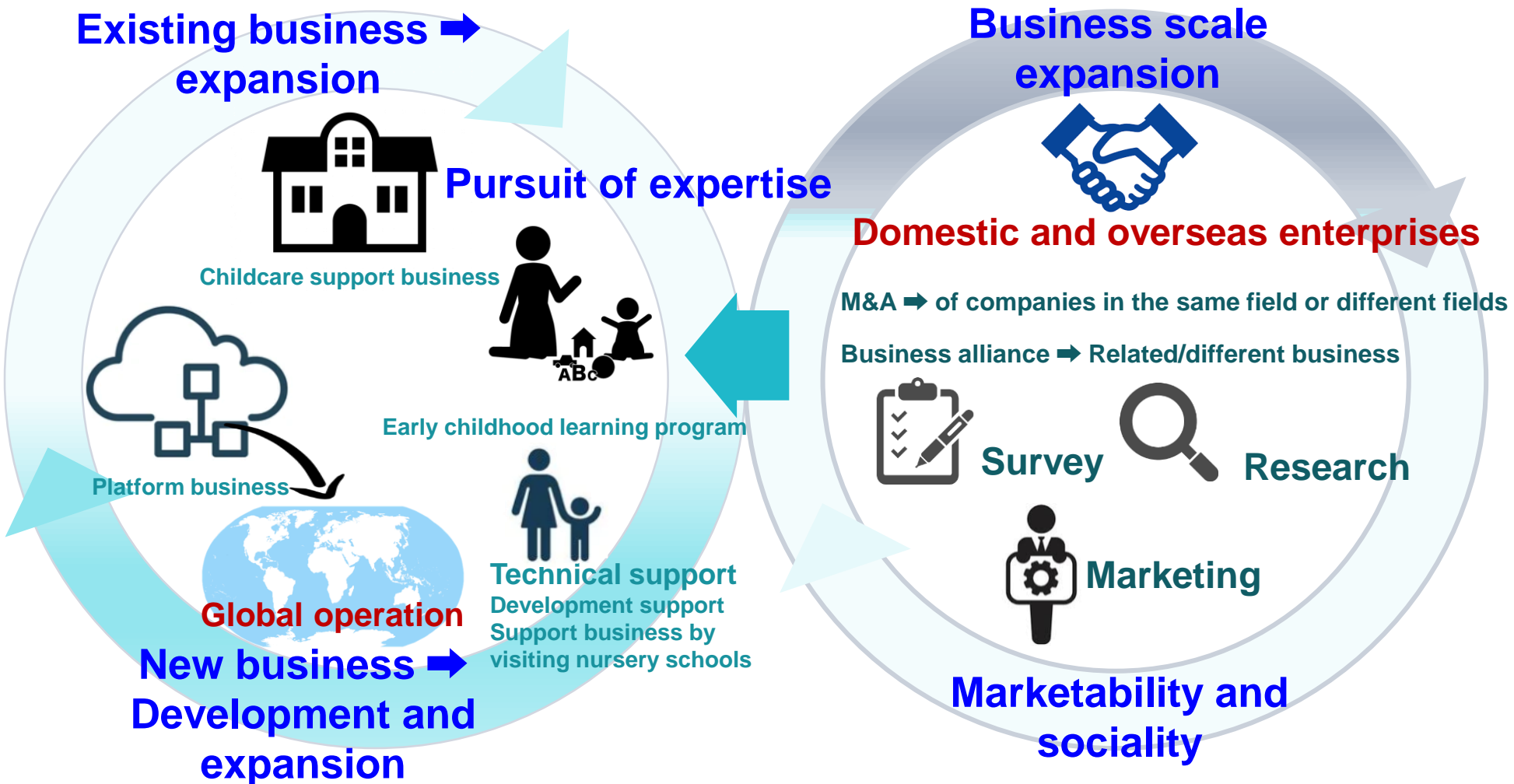
② Growth of new businesses to trigger synergy with existing businesses

- Child-rearing assistance platform business
- Development support business (support for children with developmental disabilities)
- Programs and sale of products
- Global operation (Asian region)
- ➔ New initiatives and planning
- To create new business domains for differentiation and enhancing competitiveness



Medium-term Management Plan (FY 3/22 to FY 3/24)

Expansion of existing businesses, pursuit of expertise, and development of new businesses
 Enhancement and promotion of M&A, business alliance, global operation, specialization, and sociality



Target Indicators

Long-term management vision

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

(To realize nursery schools, facilities, and an enterprise that will be continuously selected by guardians, municipalities, training schools, and officials)

Improvement and expansion of existing businesses, new businesses, and capital/business alliances
Target consolidated sales: 100 billion yen

Mid-term management goals

To improve revenues from existing businesses and the quality of childcare support, and create new value while grasping the changes in the social and business environments

Promotion of reform of the management structure and growth strategy in 3 years from FY 3/22 to FY 3/24)

**3rd year (final fiscal year) of the medium-term management plan
FY 3/24; Net sales: 36,300 million yen, ordinary income: 3,960 million yen**
(*To review the plan annually as a rolling method)

*From the first quarter of FY 3/22, we have been using a new indication method.

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

Management Policies for FY 3/2023 and the Medium-term Management Plan

- Shift from the management system based on “revenue improvement” to the phase based on “business expansion”
- To improve operation efficiency through digitalization and systematization, which would support new business strategies, and develop and execute new businesses
- We aim to increase sales and profit, and achieve an operating income margin of 10% or higher.

Corporate ethos

Long-term goals

Medium-term Management Plan
From FY 3/2022 To FY 3/2024

Management indicators

- “We will contribute to the development of a society filled with smiles through our childcare support business.”
- **Consolidated sales: 100 billion yen (50 billion yen for existing businesses, 50 billion yen for new businesses)**
 - To become No.1 in each region by establishing “nursery schools and facilities that would be selected by customers” (quality, reliability, differentiation, and brand development)
 - To become an enterprise that will be trusted by local communities and guardians and loved by staff (dissemination of information inside and outside the company and reform)
 - To improve the child-rearing environment in cooperation with local communities and society (developing an environment that makes it easier to give birth to and rear children)
 - To develop a working environment with worthwhile jobs and enrich the educational system (curbing turnover ratio)
 - To create new businesses and establish a pillar of business other than subsidies.

- **Establishment of nursery schools and facilities that will be selected**
 - To advertise our services while enrich programs and developing systems
 - To undertake new tasks and establish new facilities in cooperation with after-school childcare facilities and children’s houses (dominating the market; 200 school clubs and children’s houses)
 - To enrich the education and training programs for employees, and curtail turnover ratio by improving workplaces
- **Improvement in profitability**
 - To improve revenues by increasing the number of children accepted and reshuffling personnel (getting out of the red)
- **Fortification and streamlining of the management base**
 - To improve operations, reshuffle personnel, and reform organizations to realize a compact head office
 - To streamline operations through systematization and allocate management resources efficiently
- **Promotion of growth strategy**
 - To enhance the development of new businesses (with the aim of increasing the ratio of sales from new businesses to 10%)
 - To establish and expand the child-rearing assistance platform business

Nursery schools and facilities that would be selected

No.1 in each region

Establishment of the management base

Streamlining of management (Simple operation)

Establishment of a new pillar of revenues

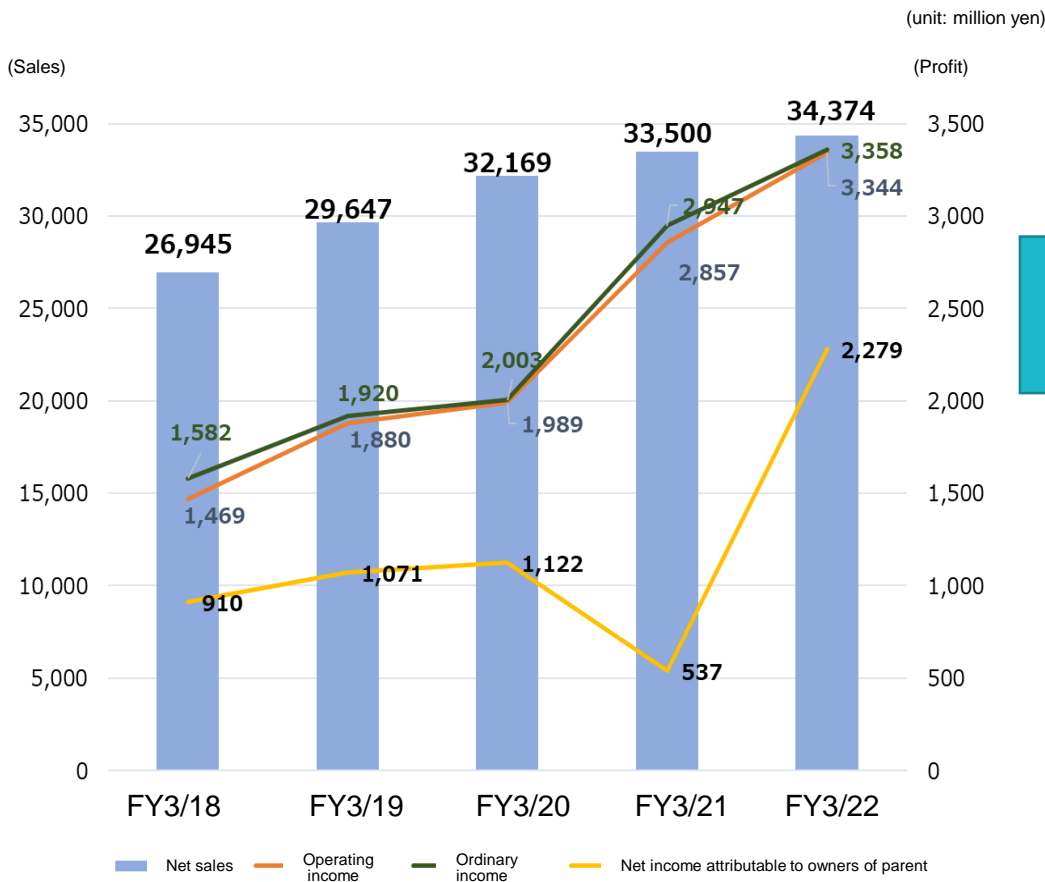
Ratio of sales: 10% or higher

- Measures for achieving an operating income margin of 10% or higher (through the growth of sales and profit) / To keep turnover ratio from exceeding 10%
- To improve revenues from existing businesses (increase of utilization rate, improvement in earning rate, and systematization)
- To develop new businesses and aim to increase the ratio of sales from the new businesses to 10% or higher in 3 years

Strategy for Sustainable Growth

Sales have been growing little by little. We will shift to a more profitable structure by reshuffling personnel and obtaining new subsidies.

Net sales: Grew 127.6% between 2018 and 2022.
Ordinary income: Rose 212.3% between 2018 and 2022.



To increase sales from businesses other than existing ones
 Target ratio of such sales: 10% or higher
 (Currently, it is around 5%.)

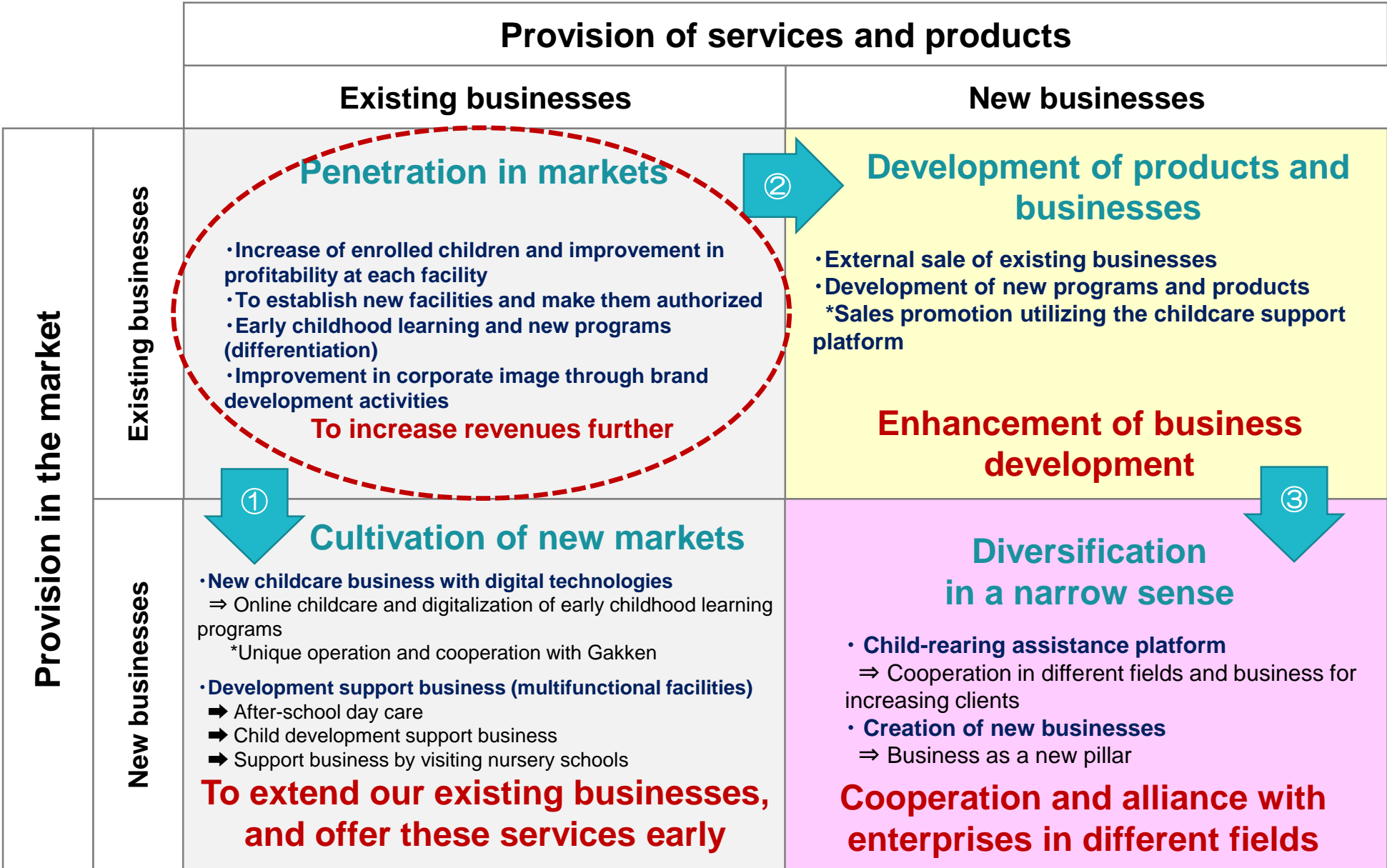
To support developmentally disabled children
 Multifunctional facilities (operation of facilities)
 Development support business (traveling)

Expansion of the childcare support platform
 BtoB, BtoC/Overseas operation

Food-related business
 Sale of dishes from Central Kitchen

Scale expansion
 M&A in the same industry (3 billion level through oligopolization)
 M&A of related businesses (relevance)

Management Strategy Map



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 (FY 3/22 to FY 3/24)

◎ Plans were reviewed as performance improved greatly in FY 3/22 and numerical targets were achieved two years ahead of schedule thanks to the new measures, fortification of management base and structural reform while considering the changes in the market environment.

Unit: million yen	Results		Initial forecast		
	FY3/22		FY3/22	FY3/23	FY3/24
	Results	Difference from the initial forecast	Plan	Plan	Plan
Net sales	34,373	3.3%	33,900	33,700	34,700
Operating income	3,344	89.4%	2,300		
Operating income margin	9.7%	4.4%	6.8%		
Ordinary income	3,358	45.4%	2,300	2,970	3,500
Ordinary income margin	9.8%	2.8%	6.8%	8.8%	10.1%
Net income attributable to owners of parent	2,279	56.4%	1,450		
Net income margin	6.6%	2.3%	4.3%		



Unit: million yen	Medium-term Management Plan				
	FY3/22	FY3/23		FY3/23	
	Results	Forecast	Y/y	Target	Y/y
Net sales	34,373	35,644	3.7%	36,313	1.9%
Operating income	3,344	3,565	6.6%		
Operating income margin	9.7%	10.0%	0.3%		
Ordinary income	3,358	3,584	6.7%	3,961	10.5%
Ordinary income margin	9.8%	10.1%	0.3%	10.9%	0.9%
Net income attributable to owners of parent	2,279	2,329	2.2%		
Net income margin	6.6%	6.5%	-0.1%		



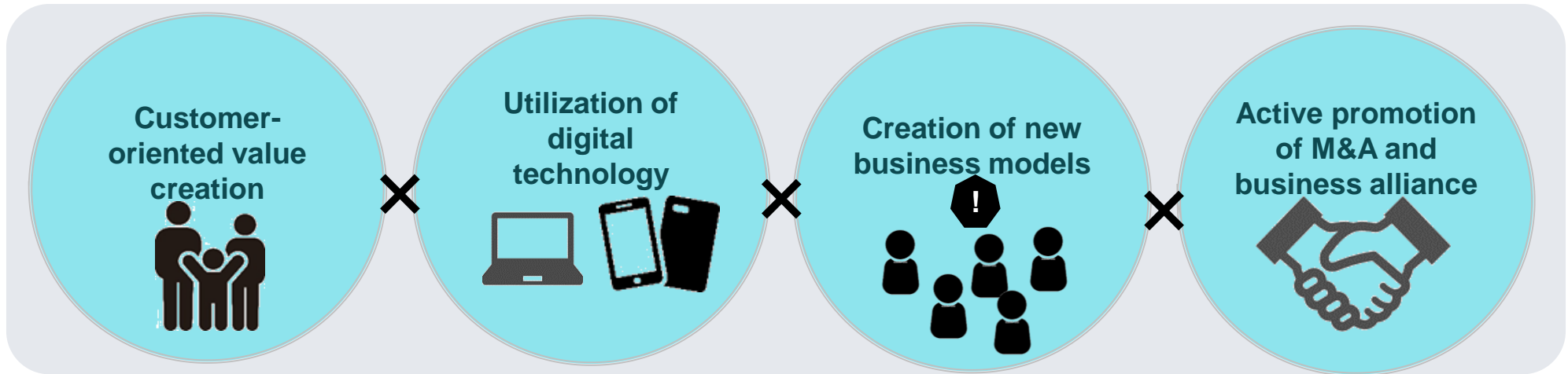
JP HOLDINGS GROUP

Priority Measures in Medium-term Management Plan (as a Rolling Plan)

Major Management Strategies in the Medium-term Management Plan

To adapt to the social environment and implement differentiation strategies based on digital technologies

To actively promote “M&A and business alliances” to operate business and expand its scale



To realize competitive advantages



To establish nursery schools and facilities that will be selected by customers continuously

- Increase of new points of contact with customers
- Differentiation from competitors
- Interactive communication
- Enrichment of contents and technical services

To actively promote “M&A and business alliances” to operate business and expand its scale

Measures From Now On (1)

Develop nursery schools and facilities that would be selected by customers

① Online facility tours and enrichment of external announcement contents

▷ Through online facility tours and explanatory material, we will introduce the characteristics of each facility, common programs, and our unique operation

▷ To accept inquiries via our website from the viewpoint of guardians.

② Development of strengths of each facility and PR based on the results of surveys on competitors in the neighborhood

▷ Cooperation with local communities in events of each facility and launch of programs, to popularize our facilities

▷ Enhancement of PR of each group company and each facility (To disseminate information via social media, YouTube, etc.)

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

▷ To introduce the features of each facility and our unique programs in our website and facilities

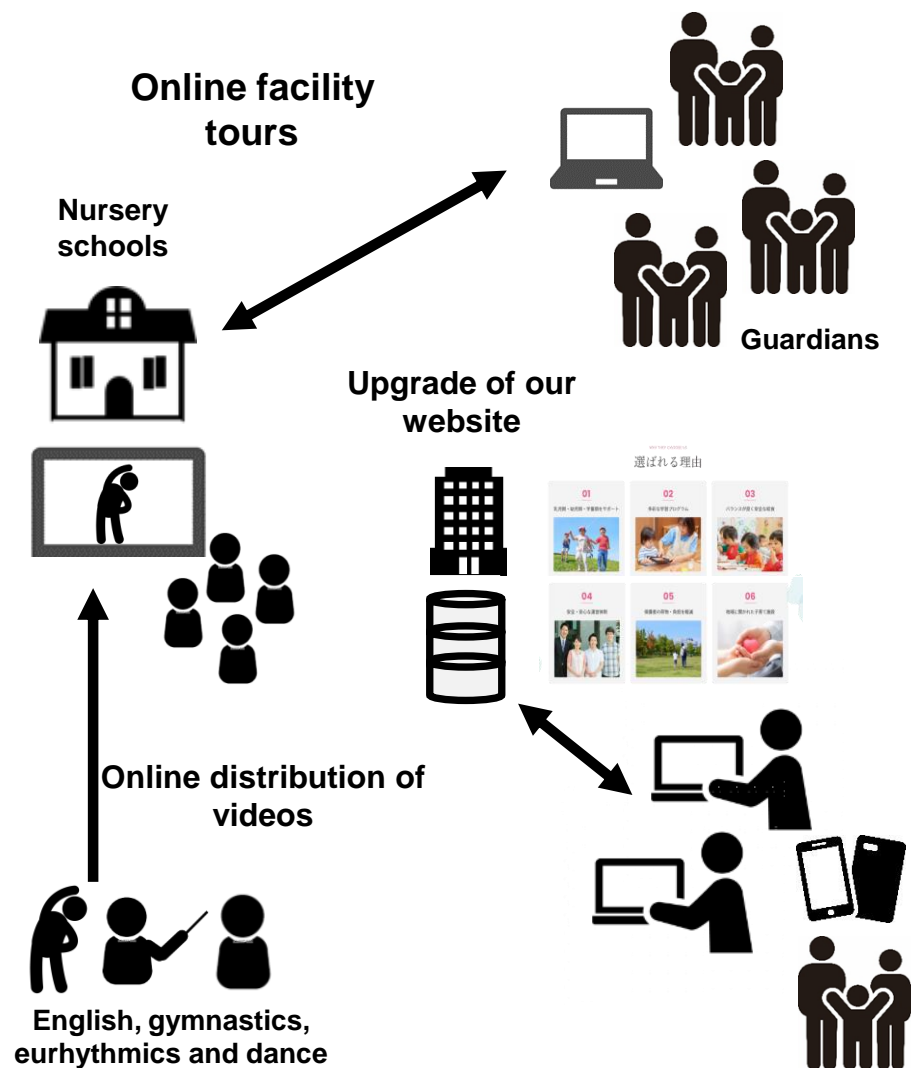
▷ To give lessons on swimming, karate, etc. in cooperation with other enterprises

To introduce food and agriculture education, etc. outside our company

④ English, exercise, eurhythmics, dance (online), lessons in our own facilities

▷ In addition to the dispatch of lecturers, we offer learning opportunities at our own facilities.

Digitalization



Measures From Now On (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

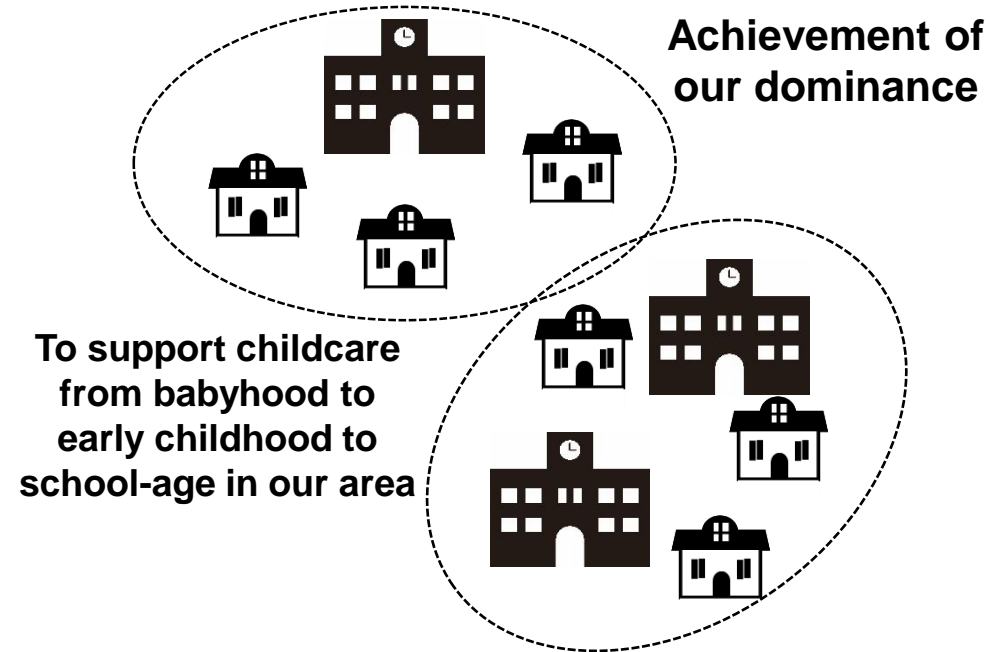
▷To undertake more projects for schools clubs and children's houses mainly in the vicinity of our nursery schools. We support childcare from babyhood through school-age. We will increase the number of schools clubs and children's houses two times to 200.

▷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

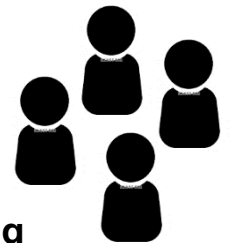


Personnel development

Over 300 training programs

Face-to-face lectures

Online training



Measures From Now On (3)

Realization of a compact head office

① Review of business operations in each company and each section/curbing of turnover ratio

▷ To streamline business operations by dividing them into on-site operations and HQ ones

▷ Due to the coronavirus pandemic, the motivation of employees declined and their risk awareness augmented, so turnover ratio increased.

Measures for respective areas of nursery staff, lunches, the headquarters, etc. including the JP condition

② To eradicate unnecessary tasks

▷ Systematization and reform of systems for streamlining operations at the headquarters and on site

▷ To visualize and standardize business operations, to realize simple operations

• To improve systems for placing orders on site and conducting repair

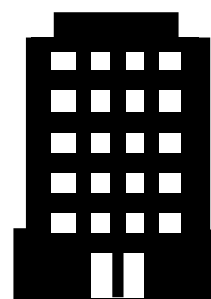
• To eradicate unnecessary tasks through the reform of organizations and the improvement of operations, and visualize and standardize business operations

▷ To curtail personnel expenses with the central kitchen for lunches

③ Optimization of staffing in each section

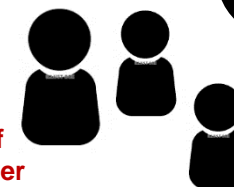
▷ To streamline operations, eradicate unnecessary tasks, and optimize manpower

Employees of the headquarters will work 70% on site and 30% at the head office, to improve hands-on operations and quality of services.



Simple operation
Visualization and
standardization of operations

Optimization of
staffing

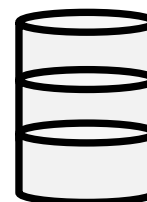


Streamlining
of operations

By checking the conditions of
workers, we aim to keep turnover
ratio from exceeding 10%.

Improvement in
revenues

Systematization



Data analysis
Streamlining of
operations
Reduction
of workload



Development of systems for HR, etc.

Curbing of turnover
ratio



System in which they can
concentrate on rearing
and bringing up children

Employees of the HQ
will work 70% on site
and 30% at the HQ.



Streamlining of
operations

Quality improvement

Measures From Now On (4)

Establishment of a central kitchen

① To cook lunches at a central kitchen in cooperation with food product firms, to reduce operation costs and secure safety and reliability

▷ To process ingredients at the central kitchen in cooperation with food product firms

- To streamline the process of cooking lunches for employees

▷ To reduce on-site workload and operation costs

To not only share ingredients, but streamline on-site operations and reduce workload by processing them at the central kitchen, while taking advantage of our nationwide network

▷ To demonstrate the operation of the central kitchen in FY 2022

To check the operation by using some facilities, and then adopt it around Japan

In the future, we will promote the sale of lunches to other companies in the same industry

① Streamlining of staffing

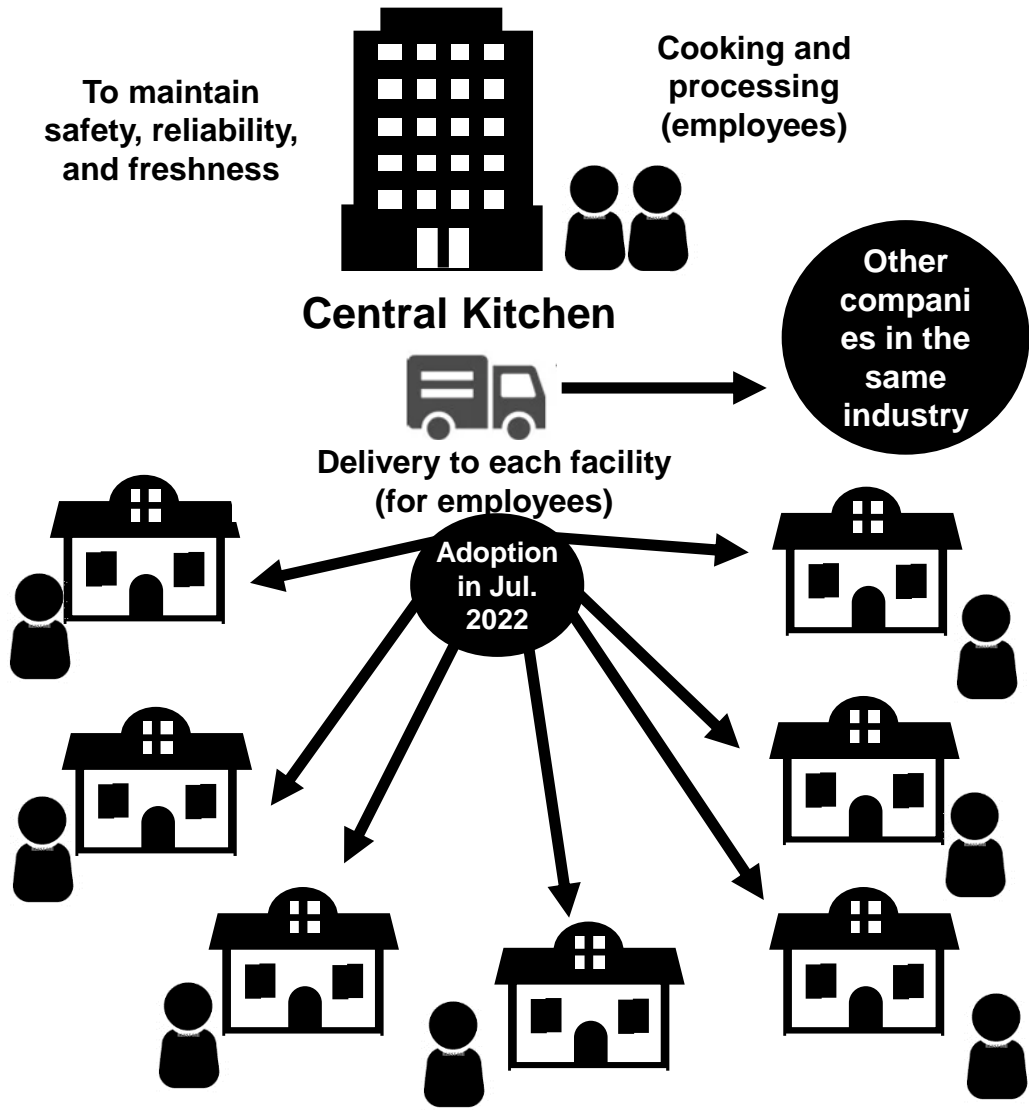
② Cost reduction

③ Sale to other companies in the same field



Adoption in July 2022
For employees' lunches
Cost reduction
Personnel downsizing
considering the rate of retirement

Establishment of a central kitchen for lunches



Measures From Now On (5)-1

Implementation of growth strategy

① Promotion of early childhood learning and new programs

▷ Expansion of early childhood learning programs

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

▷ Development of new programs, and improvement of services at facilities for infants

To adopt dance and art programs

To popularize Increase in recognition of Baby Asc (program for infants)

▷ Childcare support utilizing our expertise

Support business by visiting nursery schools/after-school day care

② Cost reduction through integrated procurement

▷ To reduce costs through integrated procurement for sale

▷ Procurement while considering the skyrocketing prices of ingredients and discussion on processed products for reducing workload

③ Development and promotion of new businesses

▷ To establish and start a platform business

To operate new business by making pupils members

▷ Business alliances with other enterprises / M&A through oligopolization

④ Promotion of business tie-ups and M&A with other companies in the same field

Business alliances in different fields, M&A in fields surrounding childcare

Promotion of growth strategy Enrichment of technical services

Development of new programs



Early childhood learning programs

Enhancement of development support



Enrichment of technical services



Active promotion of M&A
(Business scale)

1,000 million yen to 2,000 million yen

Existing business



Child-rearing assistance platform

• Provision of products and services

• Shift from domestic operation to global operation

BtoC in FY 3/23

BtoB and cross-border EC in FY 3/24

Measures From Now On (5)-2

- To improve the development support business and offer technical support to existing pupils of nursery schools, school clubs, and children's houses

Enrichment of the development support business

① Support business by visiting nursery schools

- ▷ Specialized staff visit each facility and offer consultation services for development of children who need care.
 - Support for disabled children: To hold training and give instructions for enabling them to live in a group
 - Counselors for pupils, nursery staff, physical therapists, occupational therapists, psychological counselors, and others who possess the knowledge and experience of support for disabled pupils visit facilities.

② Promotion of after-school day care and multifunctional facilities

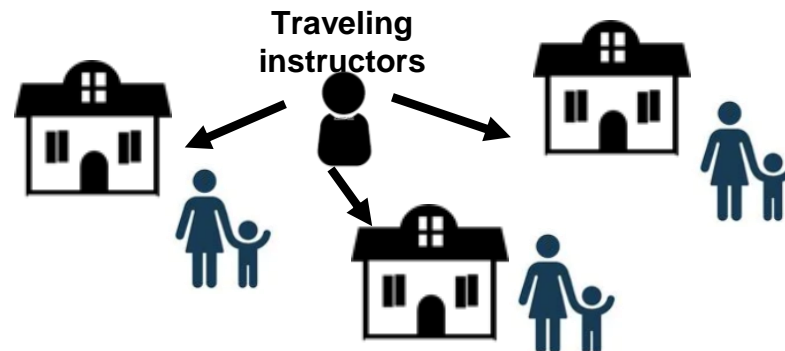
■ The number of disabled pupils is estimated to be up to 1,350,000.

- ▷ The population of children aged 7 to 18 is around 13.8 million people.
 - The number of children with disabilities is 450,000, accounting for 3.3%.
 - The number of children suspected of having a developmental disability is 900,000, accounting for 6.6%.
- ▷ The national government is encouraging the entry by private enterprises.

■ Establishment of multifunctional facilities

- Establishment of multifunctional facilities in dominant areas of childcare centers
- To conduct the development support business in morning, daytime, and evening hours

Support business by visiting nursery schools

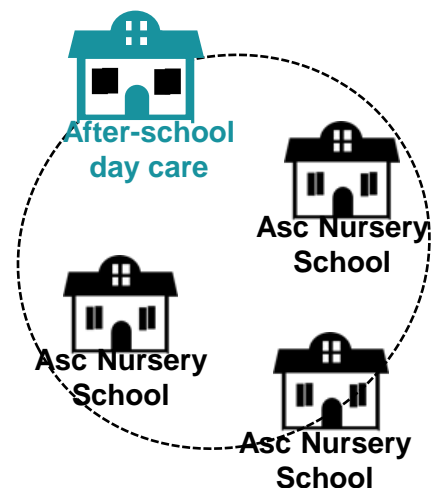


Establishment of multifunctional facilities

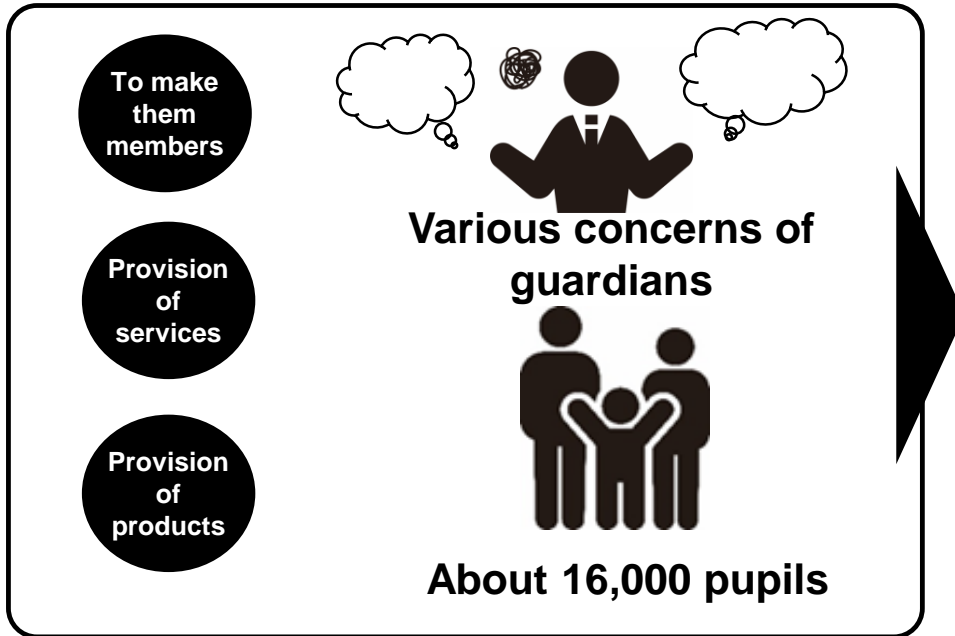


- ① Morning: Child development support
Preschoolers
- ② Daytime: Child development support
 - Preschoolers
 - After-school day care
 - Lower grades of elementary school
- ③ Evening: After-school day care
Higher grades of elementary school

Establishment of after-school day care in the dominant area



To operate it as a new pillar of business besides the existing business



To make the **customers** of JP-Holdings Group (**pupils and their families**) members and lifelong customers, developing a customer base

To make the pupils of childcare facilities of our group members: about 16,000 pupils

Services, products, donations ⇔ CtoC, BtoC, BtoB, overseas

To provide various solutions according to growth

To make the pupils of our childcare facilities and their families members via our childcare support platform, establishing a customer base



SUSTAINABLE DEVELOPMENT GOALS

To realize a world in which reuse is common

- To thoroughly reuse and recycle products required for raising children, to reduce environmental burdens and disposal
- To export high-quality childcare goods that are available only in Japan to countries and regions in need, provide high-quality reused products at affordable prices, to support the child rearing around the world

Marketing

Development (products and services)



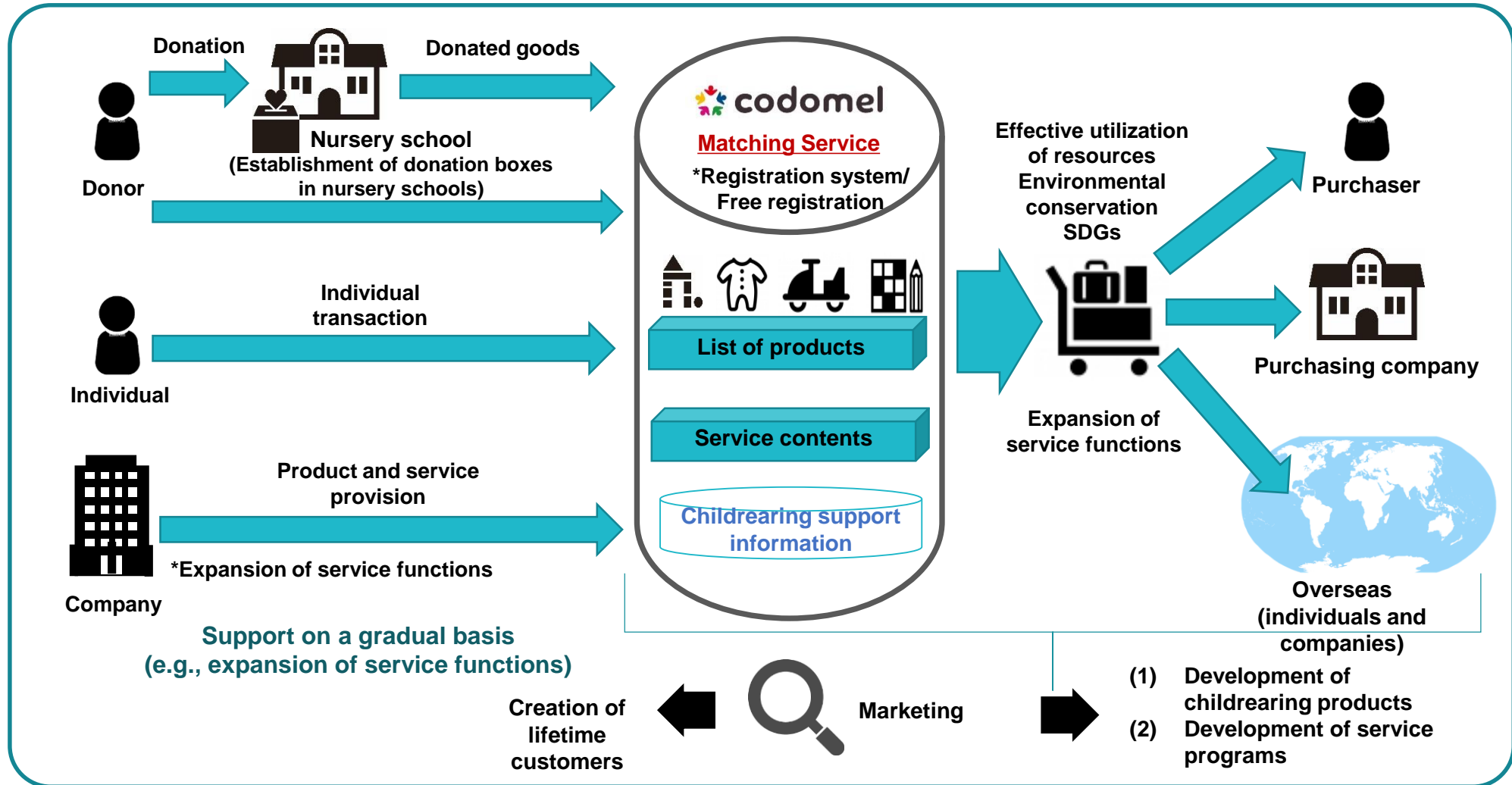
Child-rearing assistance platform

To make them lifelong customers

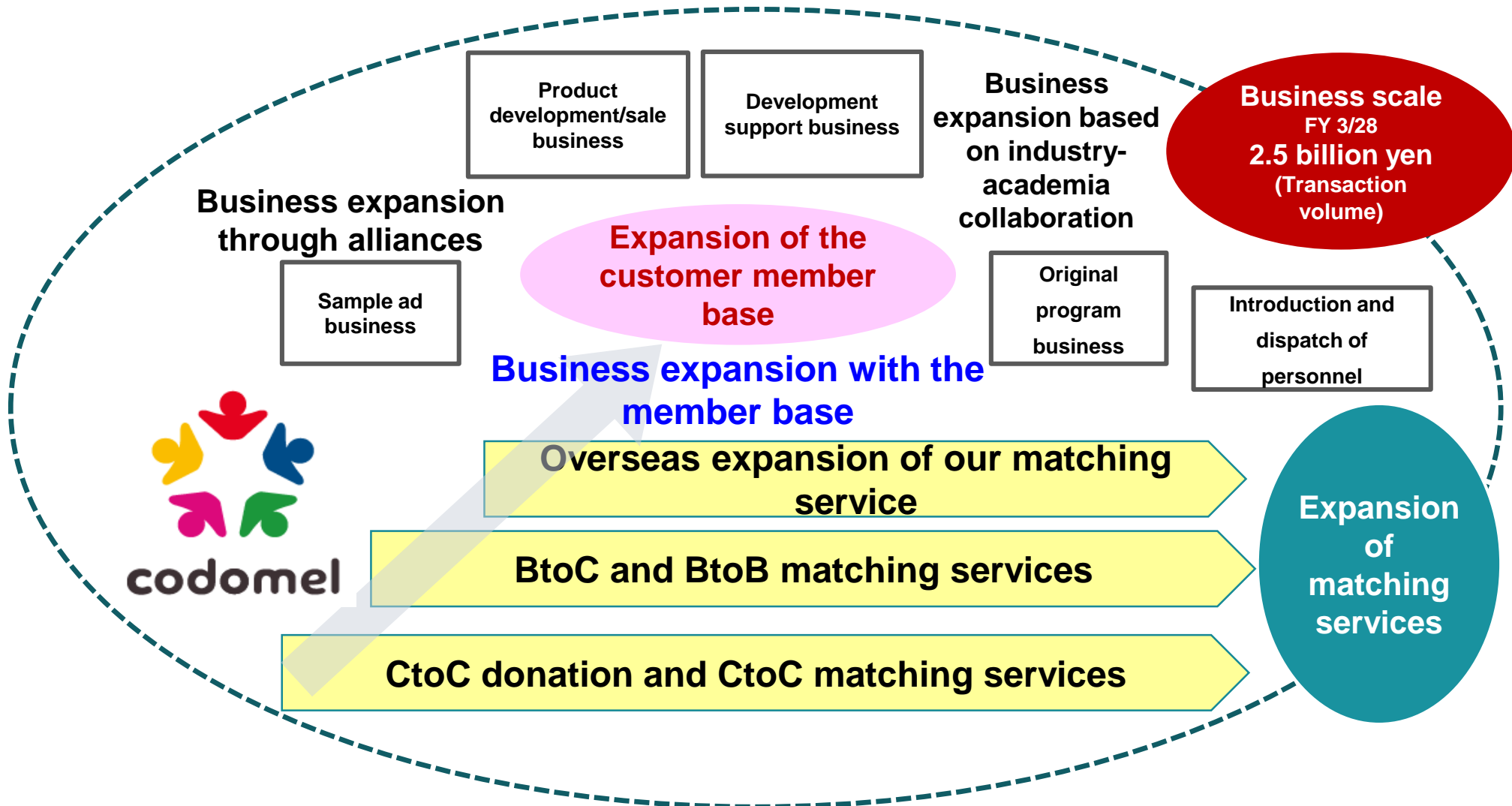
Measures From Now On (6)-2

Outline of the new business of a childcare platform

Matching site handling goods required for rearing children (brand new, used, and reused goods and services)
 To develop new businesses and products through CtoC, BtoC, BtoB, and overseas services and marketing

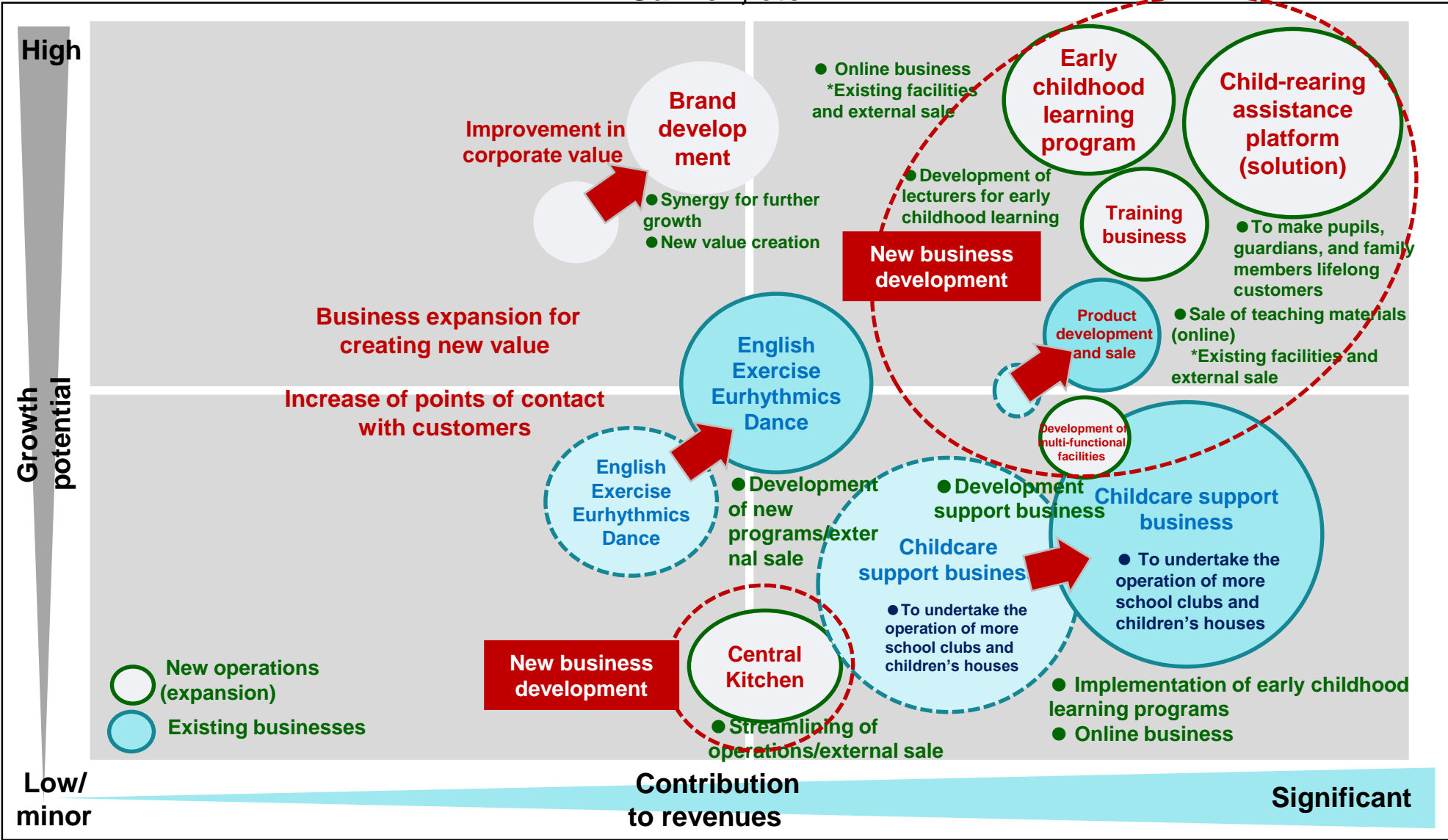


Schematic diagram of future business



Business Portfolio

Expansion of new business domains through the response to market changes, business tie-up with Gakken, etc.





JP HOLDINGS GROUP

4

Plan for FY 3/23

FY3/23 Forecast

	FY3/22 Actual	FY3/23 Forecast	Change	Rate of change (%)
Net sales (million yen)	34,373	35,640	1,267	3.7%
Operating income (million yen)	3,344	3,560	216	6.4%
Ordinary income (million yen)	3,358	3,580	222	6.6%
Net income attributable to owners of parent (million yen)	2,279	2,325	46	2.0%
Net income per share (yen)	26.06	26.58	0.52	-
Dividend per share (yen)	4.5	6.0	2.5	-
Dividend payout ratio (%)	17.3	22.6	5.3	-
Expected opening of nursery school (school)	3	2	-1	-
Expected consignment of school clubs and children's houses (facility)	8	11	+3	-

New Openings For FY3/23

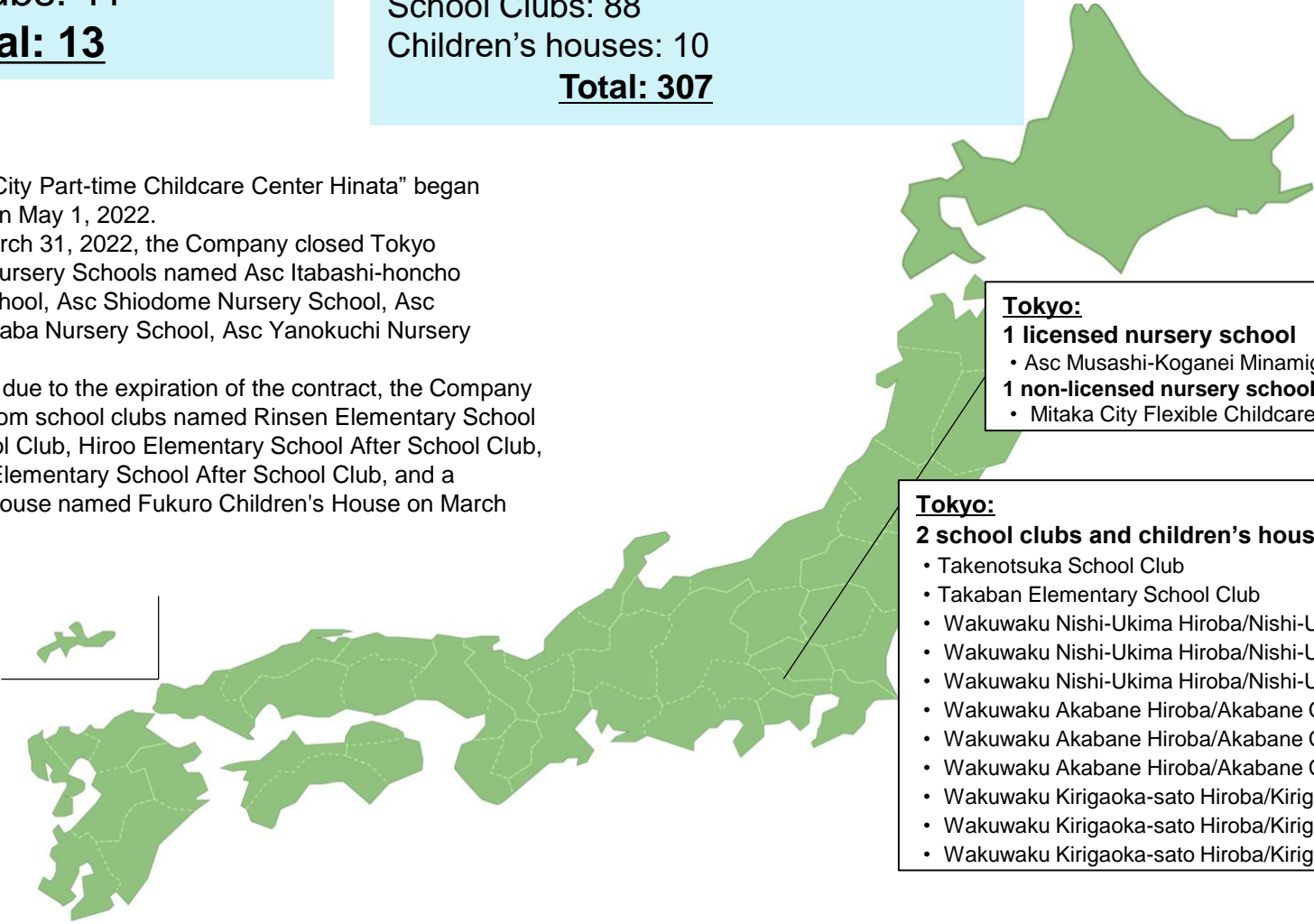
FY3/22 New Openings

Nursery Schools: 2
 School Clubs: 11
Total: 13

No. of Facilities Operated as of the End of April 2022

Nursery Schools: 209
 School Clubs: 88
 Children’s houses: 10
Total: 307

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.



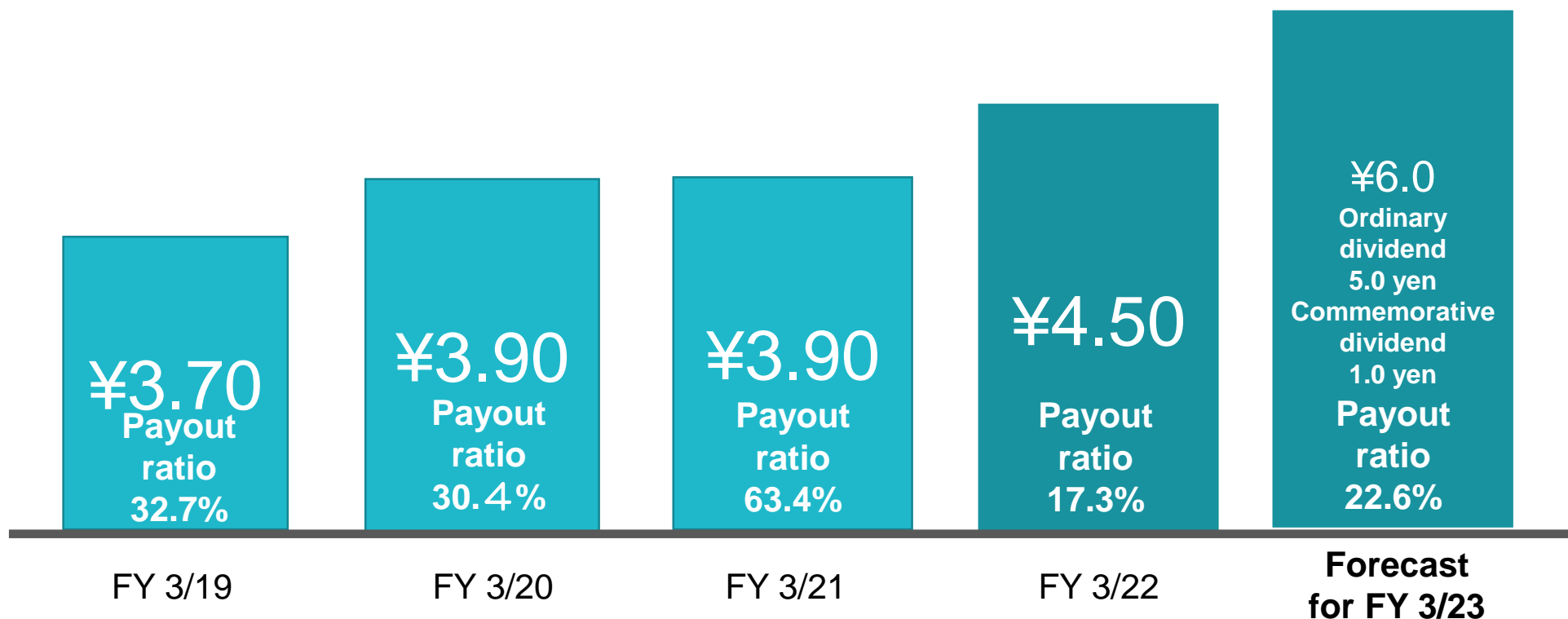
Tokyo:
1 licensed nursery school
 • Asc Musashi-Koganei Minamiguchi Nursery School
1 non-licensed nursery school
 • Mitaka City Flexible Childcare Center Hinata

Tokyo:
2 school clubs and children’s houses
 • Takenotsuka School Club
 • Takaban Elementary School Club
 • Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 1
 • Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 2
 • Wakuwaku Nishi-Ukima Hiroba/Nishi-Ukima Club No. 3
 • Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 1
 • Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 2
 • Wakuwaku Akabane Hiroba/Akabane Children’s Club No. 3
 • Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 1
 • Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 2
 • Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 3

Dividend forecast for FY 3/23

◎ Dividend policy

- Regarding profit sharing, our company pays dividends while securing internal reserve required for future business and fortification of our management structure.
- For FY 3/23, we plan to pay an ordinary dividend of 5.0 yen/share and a commemorative dividend of 1.0 yen/share for a total of 6.0 yen/share, as we marked the 30th anniversary of the start of our business at the end of March 2022.



* The term-end dividend for FY 3/22 is the dividend per share approved at the 30th annual meeting of shareholders.



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4

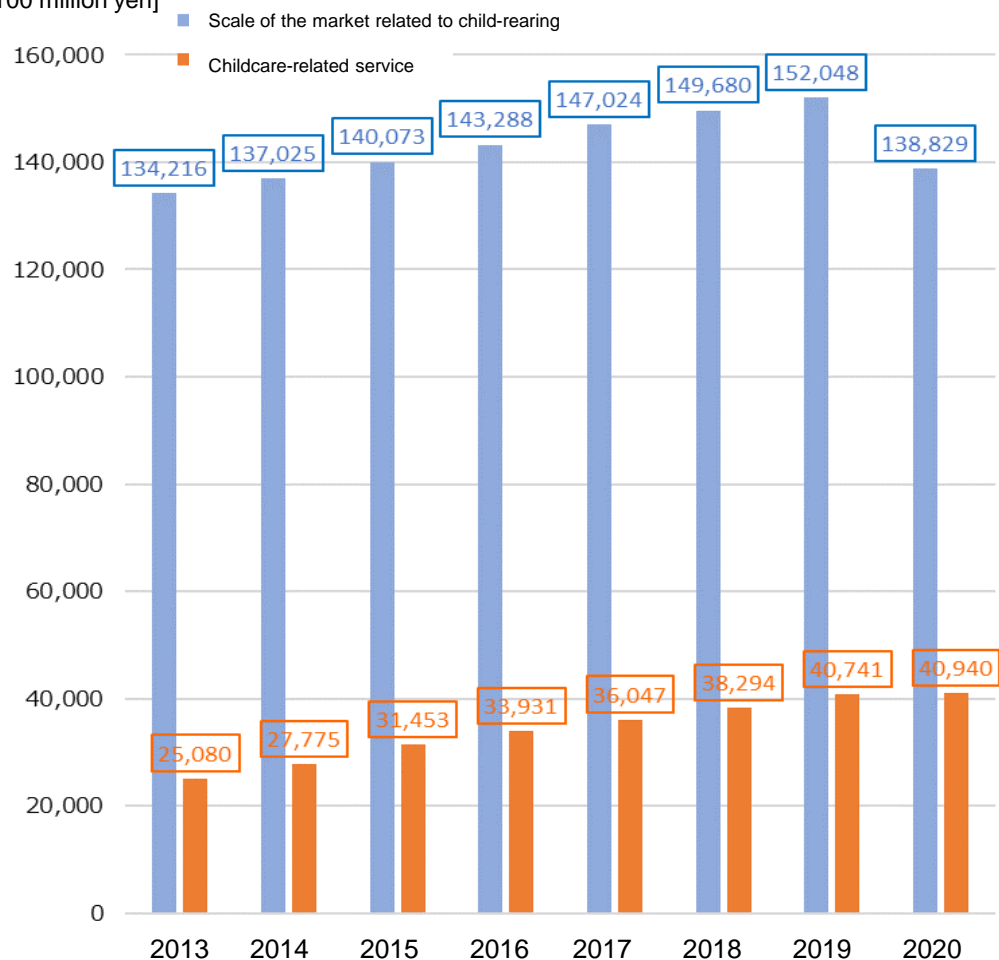
APPENDIX

[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.

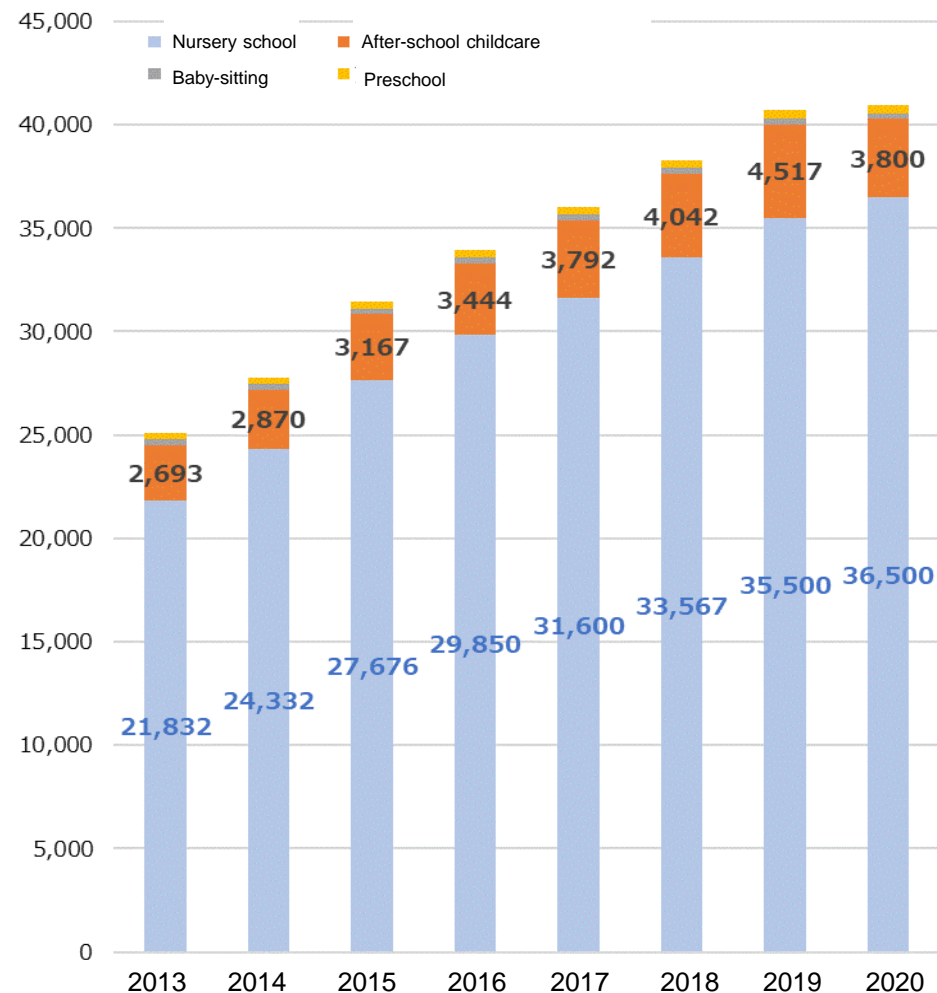
Scale of the Market Related to Child-rearing and Childcare

[100 million yen]



[100 million yen]

Scale of the market of childcare-related service

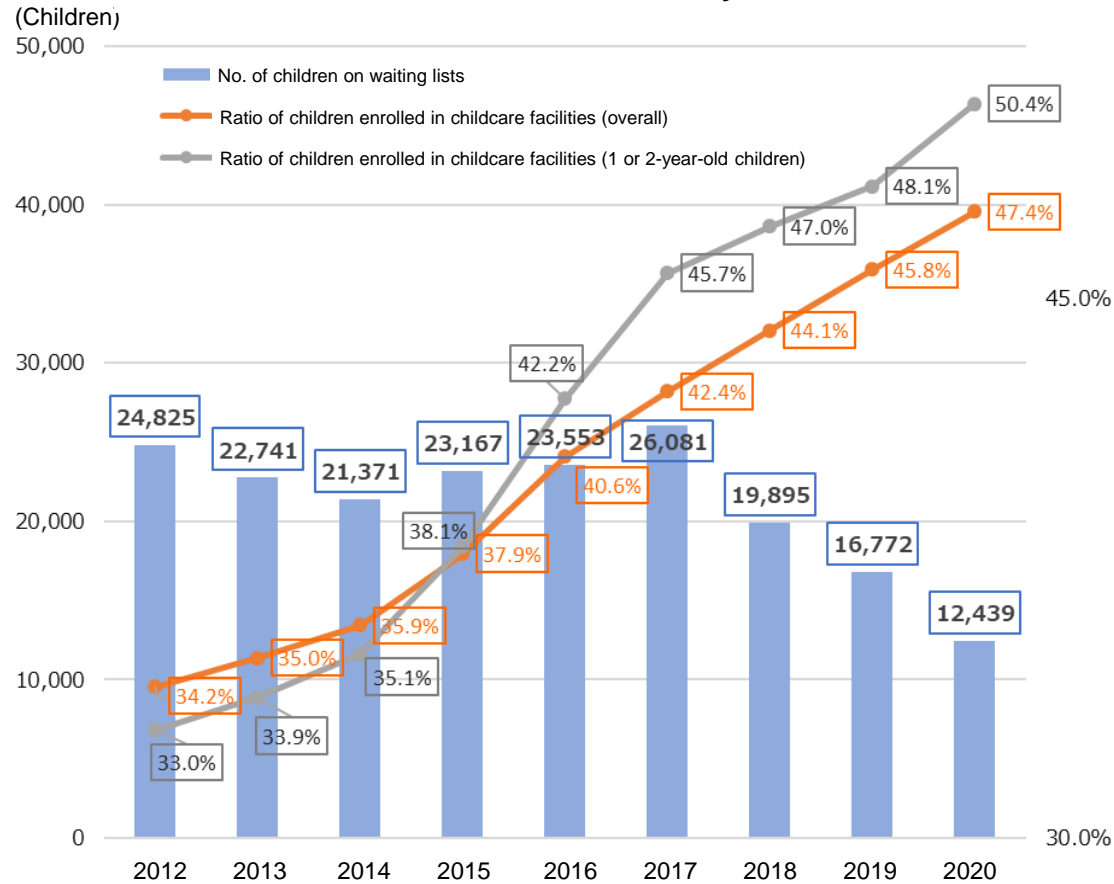


Source: Yano Research Institute Ltd.'s General Marketing in the Market for Children: Annual (2020 Issue)

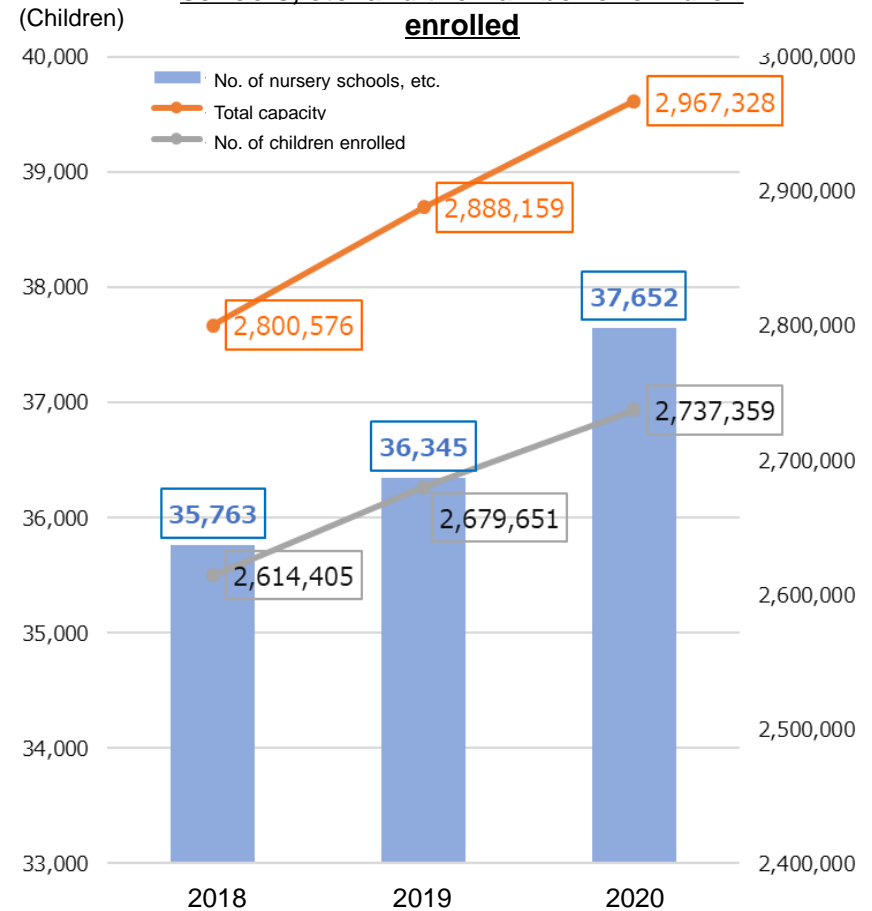
[Supplementary Material] Variations in the Number of Children on Waiting Lists and the Ratio of Children Enrolled in Nursery Schools, Etc.

- 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

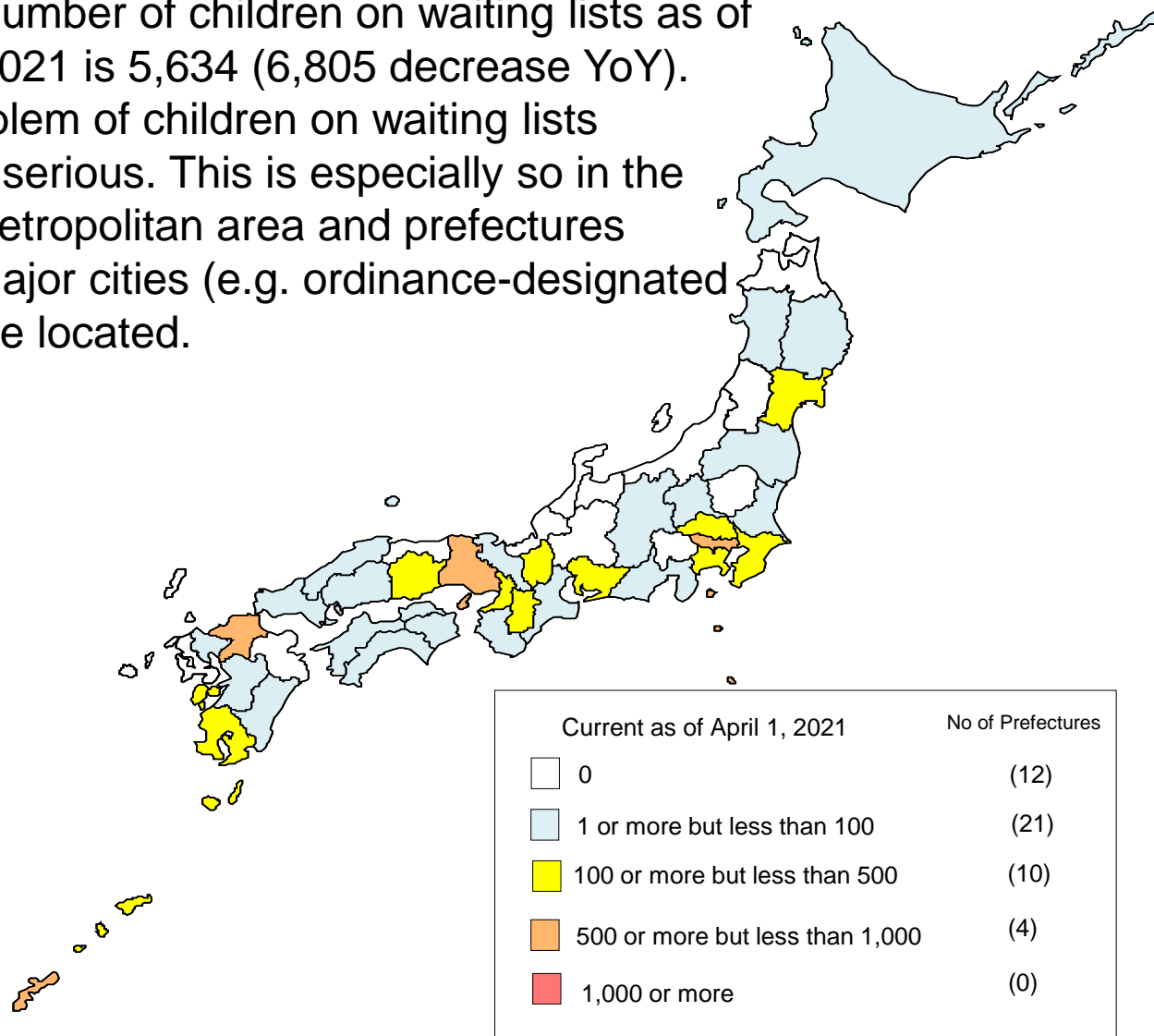


Source: Ministry of Health, Labour and Welfare's Summary of the Situation of Nursery Schools, Etc.

[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.


National Waiting List Map (April 1, 2021)



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

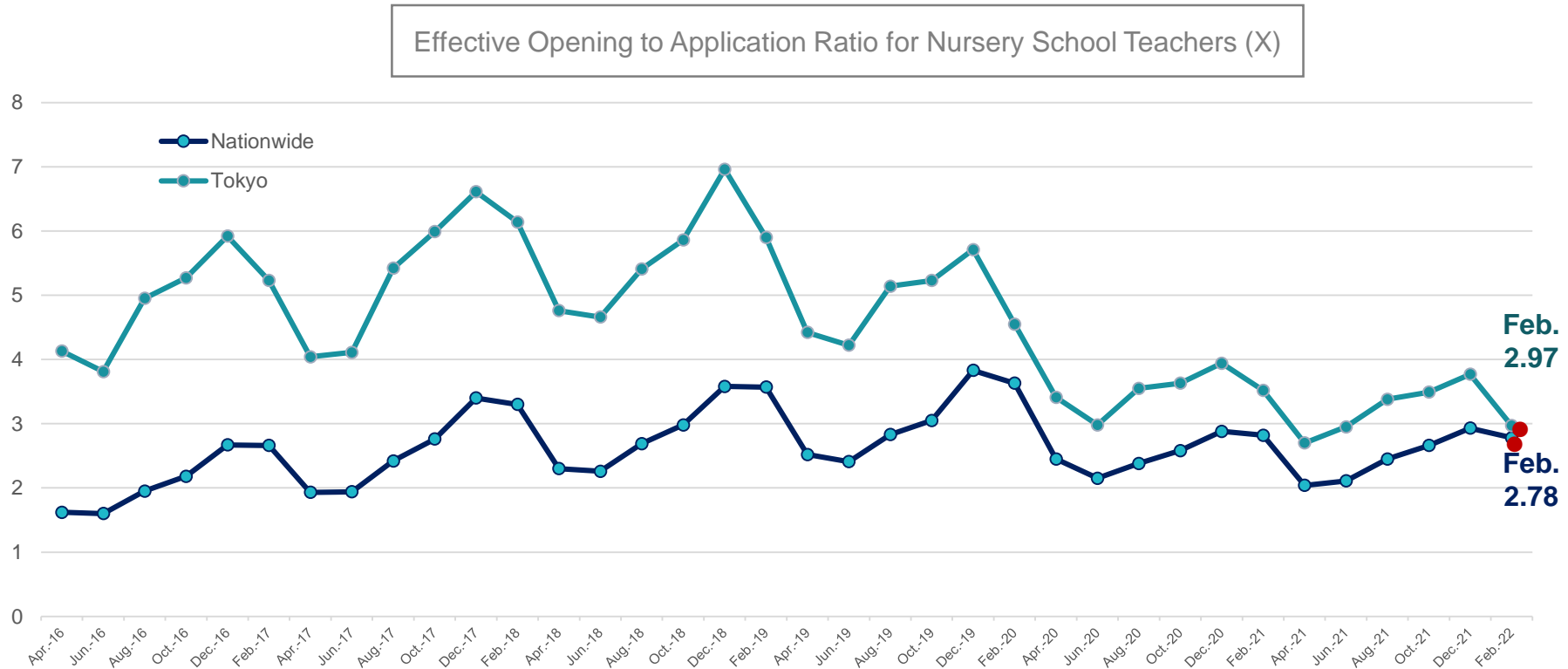
都道府県	待機児童数	待機児童率
	人	%
Hokkaido	68	0.08
Aomori	0	0.00
Iwate	12	0.04
Miyagi	222	0.50
Akita	10	0.05
Yamagata	0	0.00
Fukushima	62	0.18
Ibaraki	13	0.02
Tochigi	0	0.00
Gunma	4	0.01
Saitama	388	0.28
Chiba	428	0.35
Tokyo	969	0.30
Kanagawa	306	0.17
Niigata	0	0.00
Toyama	0	0.00
Ishikawa	0	0.00
Fukui	0	0.00
Yamanashi	0	0.00
Nagano	21	0.04
Gifu	0	0.00
Shizuoka	61	0.09
Aichi	174	0.11
Mie	50	0.12
Shiga	184	0.50
Kyoto	6	0.01
Osaka	158	0.08
Hyogo	769	0.66
Nara	132	0.49
Wakayama	30	0.15
Tottori	0	0.00
Shimane	1	0.00
Okavama	104	0.21
Hiroshima	14	0.02
Yamaguchi	15	0.06
Tokushima	23	0.14
Kagawa	29	0.13
Ehime	33	0.13
Kochi	12	0.06
Fukuoka	625	0.50
Saga	24	0.10
Nagasaki	0	0.00
Kumamoto	8	0.01
Oita	0	0.00
Miyazaki	1	0.00
Kagoshima	114	0.27
Okinawa	564	0.91
Total	5,634	0.20

[Supplementary Material] Basic Concept of the Child-rearing Assistance Platform “codomel”

(1) Platform name	codomel
(2) Concept of the platform name and logo	<p>Codomel is a word we have coined by combining the word for children in Japanese of “codomo” with the word for product in Latin of “merx.” □We have used the colors of the five initiatives we will attempt to achieve through this service from among the 17 SDGs: “1. No Poverty,” “3. Good Health and Well-being,” “7. Affordable and Clean Energy,” “10. Reduced Inequalities” and “16. Peace, Justice and Strong Institutions.” In addition, the circular design made by people linking their hands expresses the “circle for everyone,” which we will create by connecting children, parents and local communities through this service</p>
(3) Logo	
(4) Overview of the first services	<p>The first services of the codomel childrearing assistance platform will be a matching service in which users can individually sell and purchase used goods over the Internet focused on childrearing-related supplies (e.g., baby supplies and clothing) mainly for the childrearing generation and a service to provide products highly needed by the childrearing generation and childrearing-related information and services. □We will also collect childrearing-related supplies and clothing donated by parents at the nursery schools operated by our group and then provide them as used goods. We will unroll this service overseas and further expand services after the launch of this service on April 1, 2022.</p>

[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 February 2022: 2.78 times)
- ▶ Jobs to applicants ratio of Tokyo had the trend of increase at 3.77 as of Dec. 2021, but turned to decrease to 2.97 as of Feb. 2022.



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

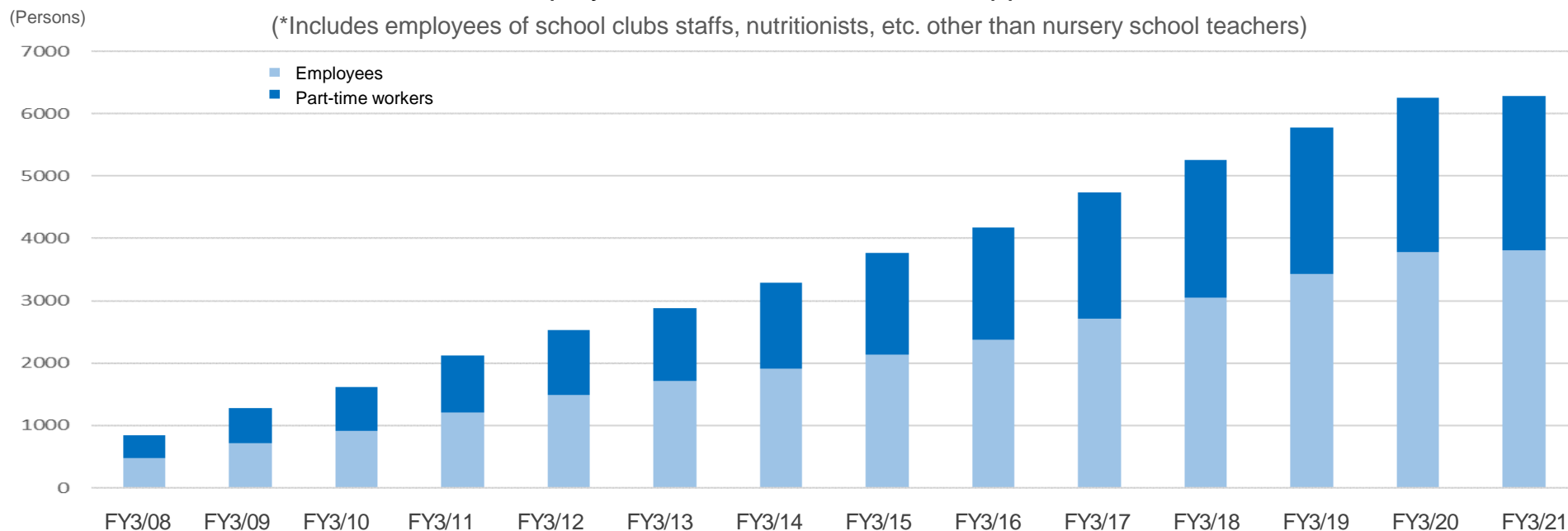
[Supplementary Material] Recruitment of Nursery School Teachers

		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22 Joined on the 1st of Apr.
Nursery School Teacher	New Graduates	197	247	276	248	182	166	166
	Mid-career employment	241	327	325	269	292	226	211 (Full-year plan: 270)
Non qualified	New Graduates	23	32	46	26	9	7	5

*After joining JPHD, 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

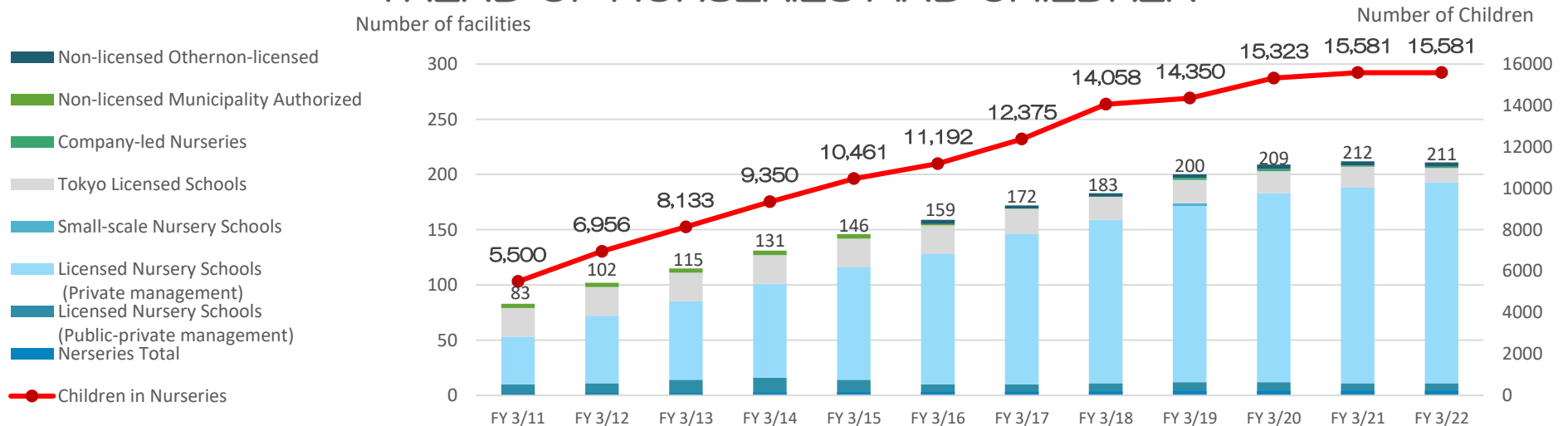


[Supplementary Material] Changes in the Number of Facilities Operated and the Number of Children Accepted to Nursery Schools

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
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	0	0	0	0	0	0	0	0	2	0	0	0
Non-licensed Nursery Schools												
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
Municipality Authorized	4	4	4	4	4	1	0	0	0	0	0	0
Other non-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
Kindergartens (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

*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.

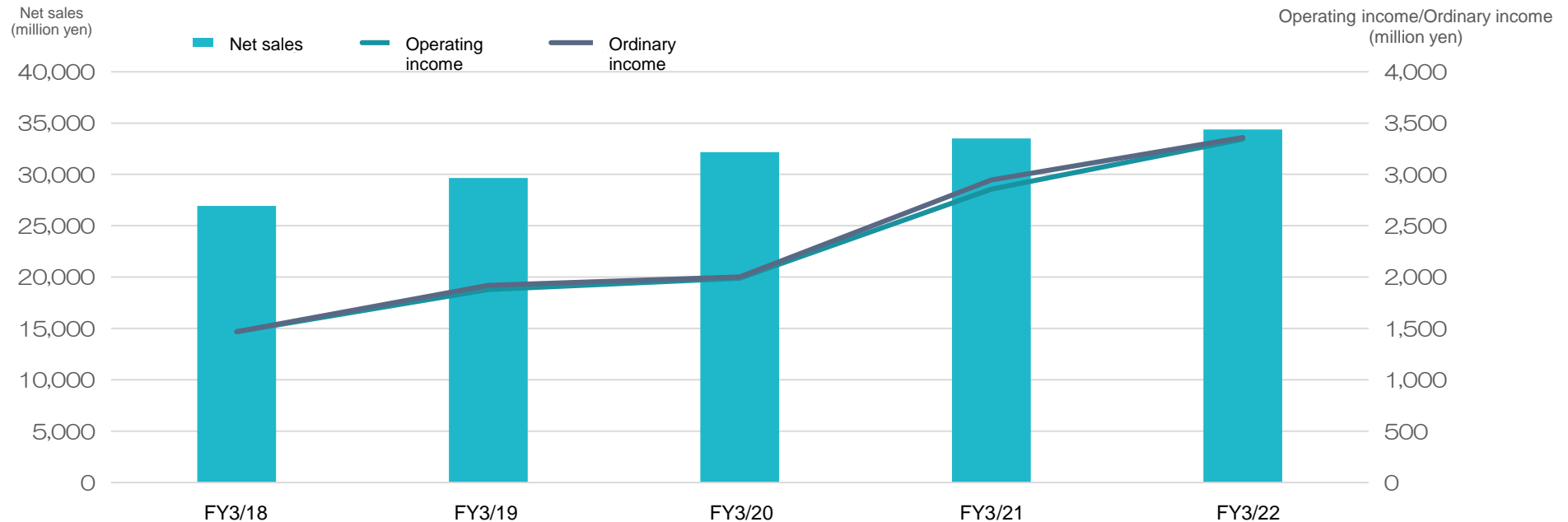
TREND OF NURSERIES AND CHILDREN



[Supplementary Material] Consolidated Results (Highlights)

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Net sales (million yen)	26,945	29,647	32,169	33,500	34,373
Operating income (million yen)	1,469	1,880	1,989	2,857	3,344
Ordinary income (million yen)	1,469	1,920	2,003	2,947	3,358
Net income attributable to owners of parent (million yen)	910	1,071	1,122	537	2,279
Net income per share (Yen)	10.70	12.44	12.81	6.15	26.06

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



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

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Total assets (million yen)	25,758	28,255	26,122	29,740	34,274
Net assets (million yen)	7,756	8,950	9,636	10,007	11,975
Shareholders' equity ratio (%)	30.1	31.7	36.9	33.7	34.9

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Cash flows from operating activities (million yen)	1,865	1,829	2,320	2,469	3,884
Cash flows from investing activities (million yen)	-1,292	-940	418	190	413
Cash flows from financing activities (million yen)	-135	1,475	-3,349	2,155	1,978
Year-end balance of cash and cash equivalents (million yen)	4,455	6,816	6,206	11,020	17,296

[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.

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Amount of dividend per share (yen)	3.50	3.70	3.90	3.90	4.50
Payout ratio (%)	32.7	29.7	30.4	63.4	17.3

Response to the Change in the Indication Method

Response to the change in the indication method

- 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 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 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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