



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

Prime Market (2749)

JP-HOLDINGS, INC.

Financial Results for the 2Q of Fiscal Year ending March 2023



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FY3/23 Q2 Results

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**Long-Term Management Vision/
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**Priority Measures for the Third Quarter
of FY3/23 and Beyond**

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Appendix



JP HOLDINGS GROUP

Every activity is for children's smiles



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



J Planning Sale
Sale of childcare goods

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



J Cast
Development of programs for children



Japan Nursery Service

Operation of nursery schools, school clubs, and children's houses

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



J Kitchen
Cooking of lunches and advisory

Cooking of lunches (Our company and other companies)
Advisory



Japan Nursery Institute for General Research
Training and research

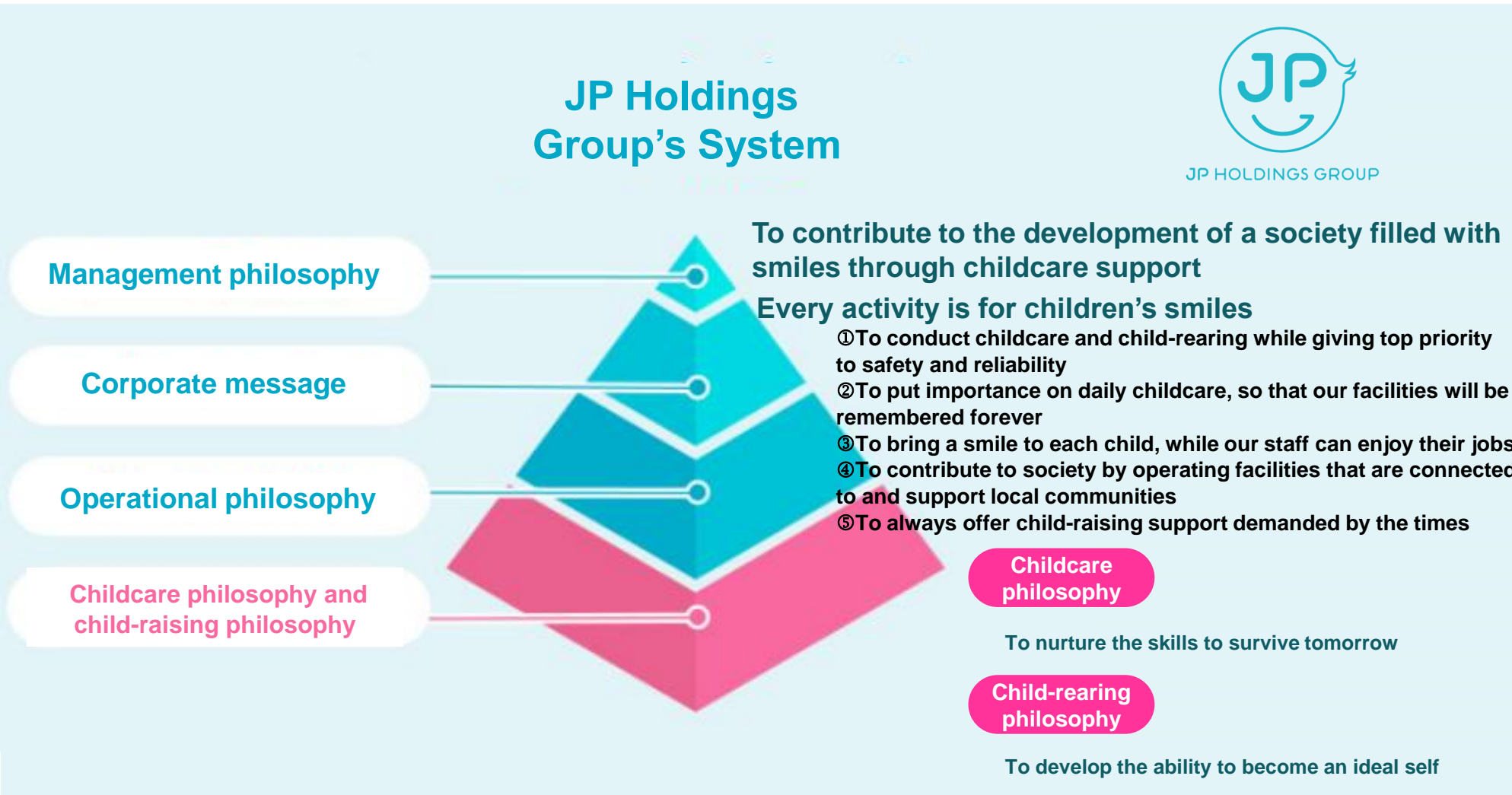
Training business
BPO service
Support business by visiting nursery schools
Platform business
Overseas business

JP-Holdings
Childcare support business taking full advantage of synergy among group companies

※J Cast Inc. and J Planning Sale Inc. will be merged into Japan Nursery Institute for General Research Inc. on January 1, 2023.

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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1

FY3/23 Q2 Results



Competition is intensifying in each region, so it is important to “develop nursery schools and facilities that would be selected by customers.”

Economic environment

- **Accelerated inflation around the world**
 - ➔ Increases in corporate goods price index and consumer price index in Japan
- **Impact of geopolitical risks and accelerated yen depreciation**
 - ➔ Further price hikes
 - ➔ Soaring oil and raw material prices
- **Impact of the lingering COVID-19 Pandemic**
 - ➔ Uncertainty in the economic environment
 - ➔ Easing of regulations (business hours, overseas immigration)

Industry trends

- **Decrease in birth rate**
 - ➔ The number of births in the period from January to June fell below 400,000 for the first time, and the number of births this year is projected to fall below 800,000.
- **Number of children desired by unmarried women: Below 2 for the first time**
 - ➔ Current situation where it is difficult to be positive about childbirth and child-rearing
- **Number of children on waiting lists: Smallest in history**
 - ➔ 2,944 children on waiting lists, down to 1/9 of the number five years ago
- **Shortage of labor has become more serious due to the impact of COVID-19.**
 - ➔ 50% of companies are short of full-time employees.
- **Establishment of the “Agency for Children” in April 2023**
 - ➔ Measures to cope with the declining birthrate, achieve various improvements in treatment, and care for children with developmental concerns
 - ➔ Corrective measures by local governments

Upward Revision of FY3/23 Forecast

Upwardly revised due to cost reductions, streamlined business operation and improved asset efficiency

Net sales

- To increase digital support, regional cooperation, and early childhood learning programs as part of “development of nursery schools and facilities that would be selected by customers”
- Expected to exceed the initial forecast owing to the success of various measures implemented in each region.

Operating and ordinary incomes

- To streamline business operation via reshuffling of personnel, and review the ordering system and operations to curb price hikes
- Initial forecasts were revised upwardly due to cost reductions and streamlined business operation.

Net income attributable to owners of parent

- Sold fixed assets (land and buildings) of each facility owned, for the improvement of asset efficiency.
- Initial forecasts were revised upwardly due to the expected extraordinary gains from the sale of fixed assets (land and buildings).

Unit: million yen	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	35,640	3,560	3,580	2,325	26.58 yen
Revised forecast (B)	35,640	3,633	3,711	2,566	29.64 yen
Change (B-A)	0	73	131	241	-
Percentage change	0%	2.1%	3.7%	10.4%	-
Results in the previous term (FY3/22)	34,373	3,344	3,358	2,279	26.6 yen

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

Acquisition of Treasury Stock

As a measure to return profits to shareholders to improve capital efficiency, we will conduct it swiftly while taking into account changes in market and industry conditions, including performance and capital conditions, opportunities for investment in growth, and stock prices.

Details of treasury stock acquisition

(1) Type of shares to be repurchased	Common stock of our company
(2) Total number of shares to be repurchased	2,635,500 shares (maximum) (Ratio to the number of outstanding shares (excluding treasury stock): 3.01%)
(3) Total amount payable for shares to be repurchased	711,585,000 yen (maximum)
(4) Repurchase period	From October 7, 2022 to January 31, 2023
(5) Acquisition method	Market purchase based on a discretionary transaction agreement

Status of share repurchases as of the end of October

(1) Type of shares repurchased	Common stock of our company
(2) Total number of shares repurchased	962,800 shares
(3) Total amount paid for repurchased shares	292,225,900 yen
(4) Repurchase period	From October 7, 2022 to October 31, 2022 (contract basis)
(5) Acquisition method	Market purchase based on a discretionary transaction agreement

Summary of Business Results for the Second Quarter of FY3/23

Increased sales and profit from the previous fiscal year thanks to an increase in the number of children accepted and streamlined business operation

Net sales: Increased due to the opening and undertaking of operation of new facilities and the increase in the number of children accepted at existing facilities as a result of the successful implementation of measures to “develop nursery schools and facilities that would be selected by customers” with a focus on the digital technology.

Operating and ordinary incomes: Improved significantly from the previous fiscal year due to factors such as sales increase from the opening and undertaking of operation of new facilities and the increase in the number of children accepted at existing facilities, streamlined business operation via reshuffling of personnel at each facility, and improved profitability following a review of the ordering system to curb price hikes, despite the special expenses in the previous term.

Net income*1: In addition to the above-mentioned increase in ordinary income, extraordinary income was recorded from the sale of fixed assets (land and buildings) owned by our company to improve asset efficiency, resulting in a significant increase in net income from the previous period.

Unit: million yen	FY3/22 Q2 Results	FY3/23 Q2 Results	Change Compared to the Previous Term	Rate of Change Compared to the Previous Term	Rate of Achievement of Forecast after Upward Revision	Upwardly Revised Forecast
Net sales	16,814	17,207	392	2.3%	48.3%	35,640
Operating income	1,095	1,502	407	37.2%	41.4%	3,633
Operating income margin	6.5%	8.7%	-	2.2%	-	10.2%
Ordinary income	1,111	1,521	410	36.9%	41.0%	3,711
Ordinary income margin	6.6%	8.8%	-	2.2%	-	10.4%
Net income attributable to owners of parent	708	1,130	421	59.5%	44.0%	2,566
Net income margin attributable to owners of parent	4.2%	6.6%	-	2.4%	-	7.2%
Net income per share (yen)	8.11	12.92	-	4.82	-	-

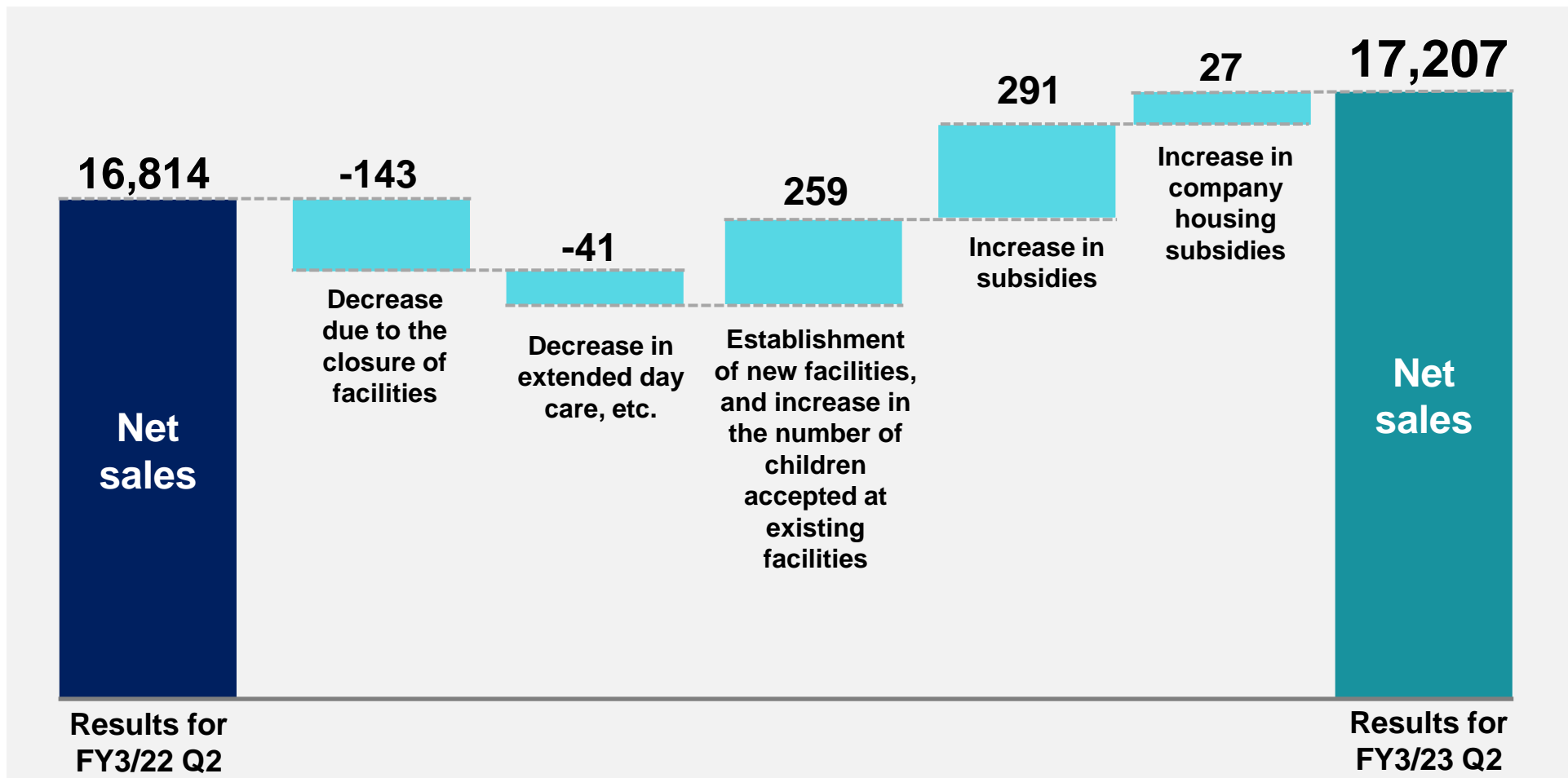
*1: Net income represents “Net income attributable to owners of parent.”

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

FY3/23 Q2 Factors for Changes in Net Sales

Net sales

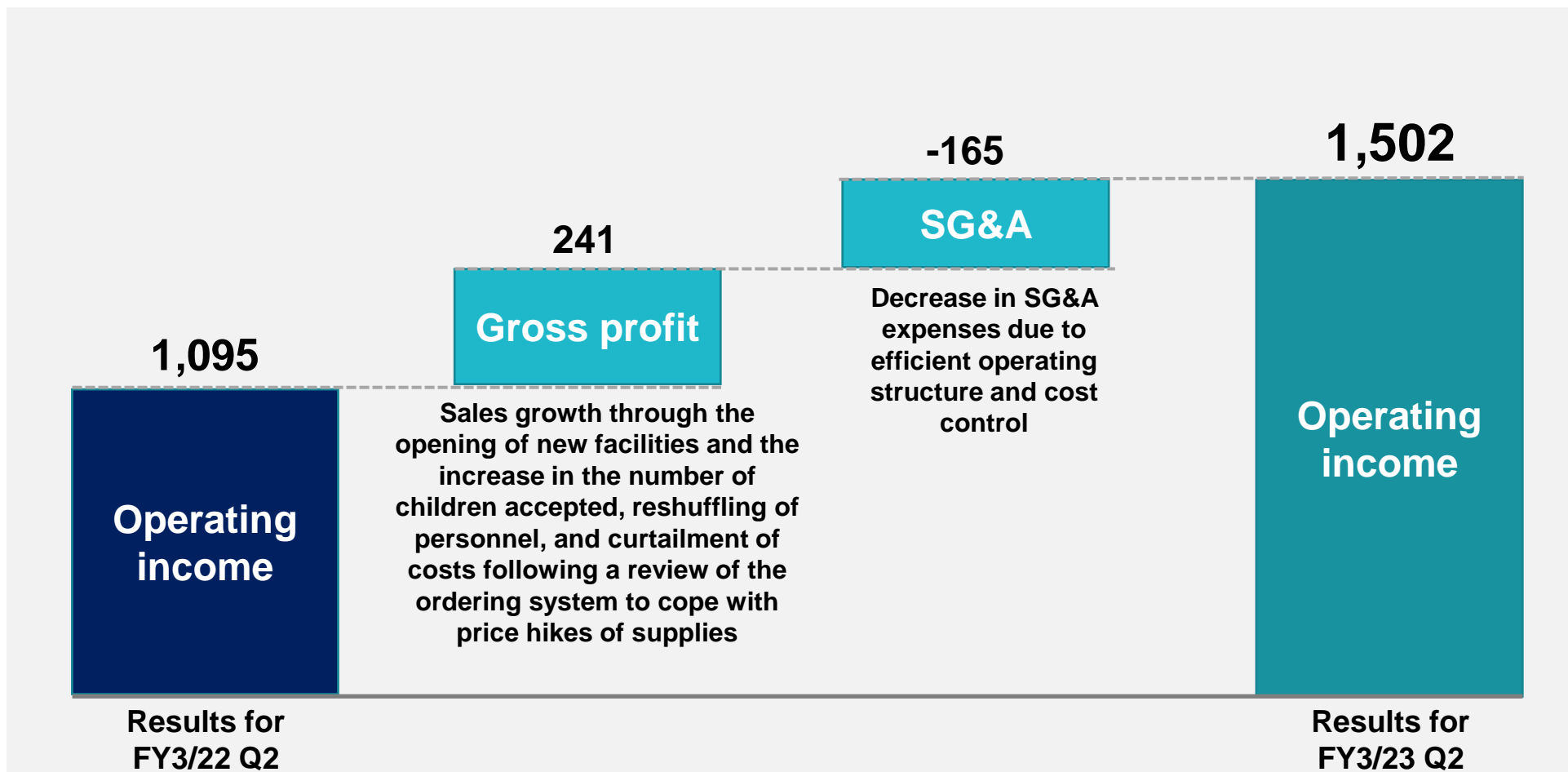
Sales grew, as new facilities were opened and the number of children accepted increased at existing facilities during the term thanks to the efforts to “develop nursery schools and facilities that would be selected by customers,” including the digital tours of facilities, online programs regarding English, 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.)

Operating income

Improved significantly from the previous fiscal year due to factors such as sales increase from the opening of new facilities and the increase in the number of children accepted at existing facilities, streamlined business operation via reshuffling of personnel at each facility, and a review of the ordering system to cope with price hikes of supplies, despite the special expenses in the previous term.

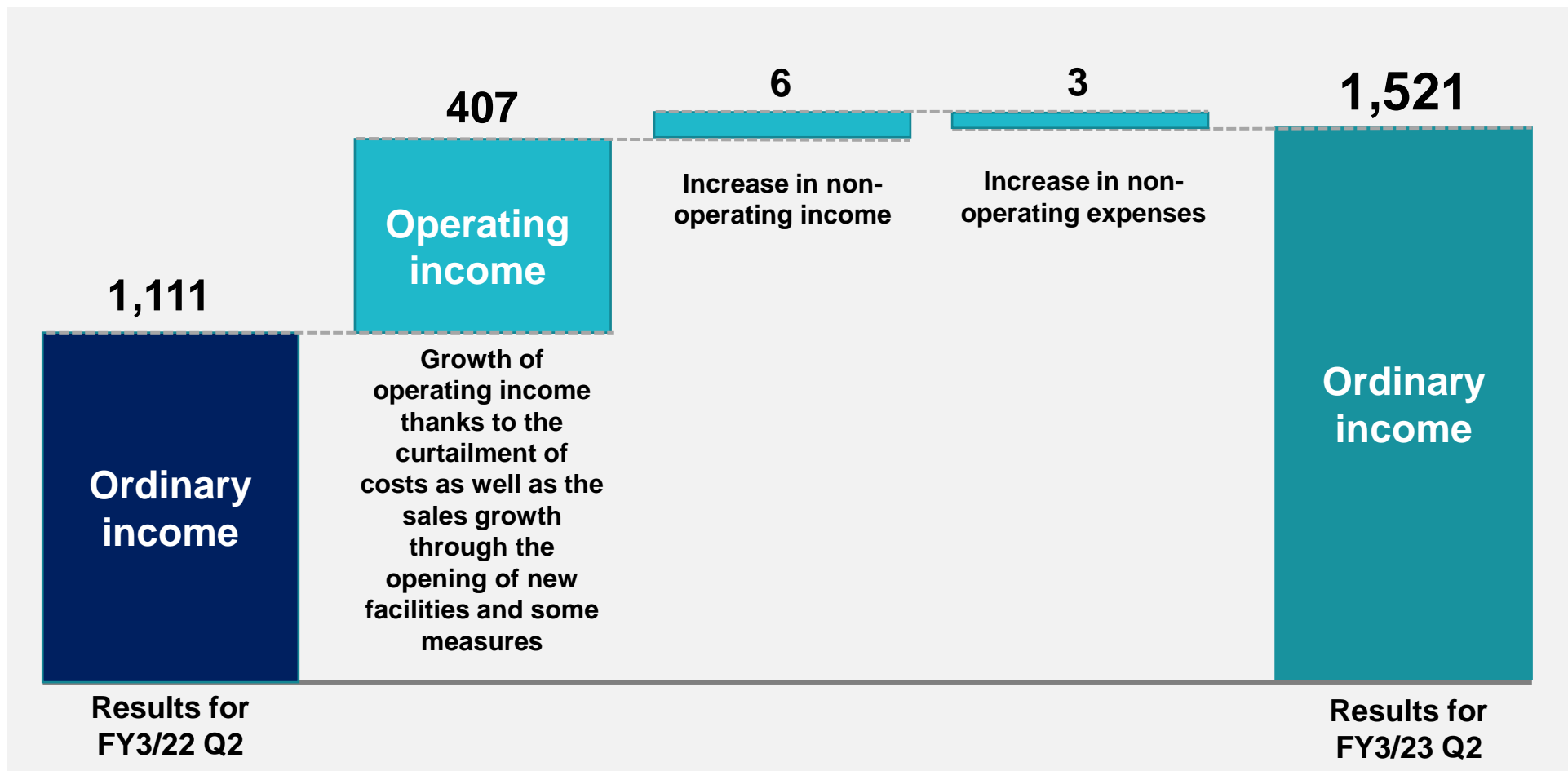


(Unit: million yen/Rounded down to the nearest million yen.)

FY3/23 Q2 Factors for Changes in Ordinary Income

Ordinary income

Ordinary income grew considerably 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, despite the increase in expenses due to special factors in the previous term.

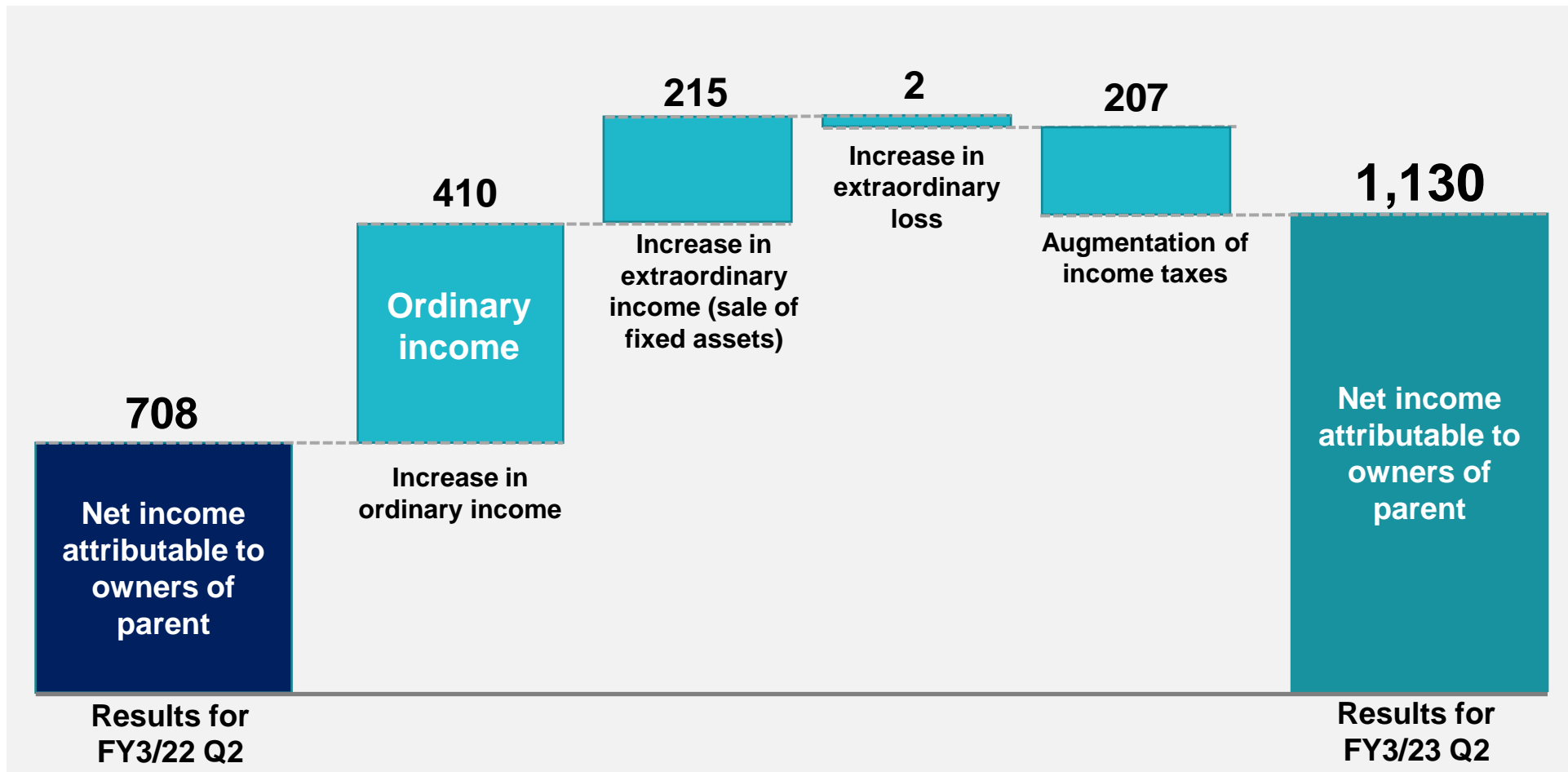


(Unit: million yen/Rounded down to the nearest million yen.)

FY3/23 Q2 Factors for Changes in Net Income

Net income attributable to owners of parent

Along with the growth in sales, cost control was achieved due to the realization of a streamlined business operation, and despite an increase in expenses due to special factors in the previous fiscal year, a significant increase in ordinary income and the sale of fixed assets that would improve asset efficiency led to a significant increase in net income.



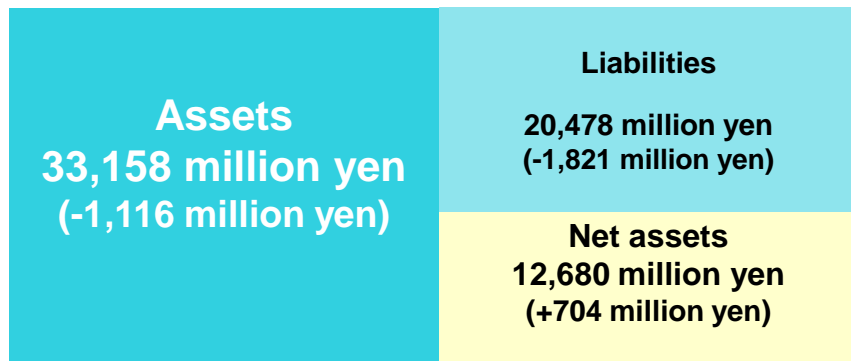
(Unit: million yen/Rounded down to the nearest million yen.)

FY3/23 Q2 Factors for Changes in Balance Sheet

Increase in shareholders equity ratio due to higher earnings and repayment long-term loans-payable

Financial condition

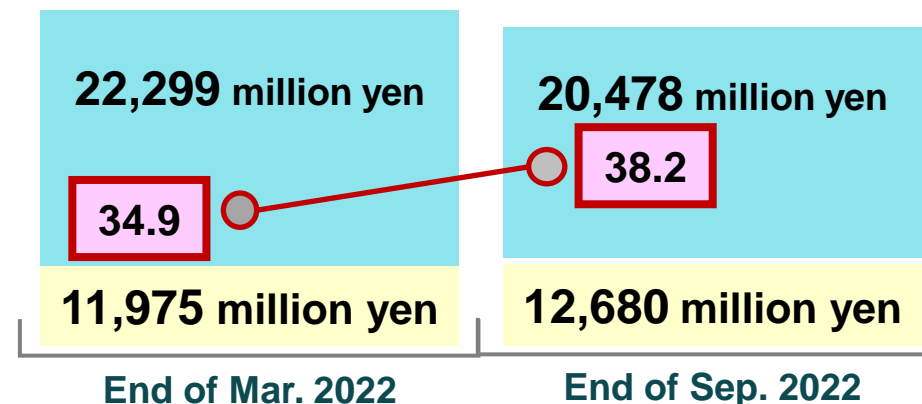
End of September 2022 * () = Difference with the end of March 2022



Million yen	End of Mar. 2022	End of Sep. 2022
Current assets	20,931	20,372
Fixed assets	13,343	12,785
Total assets	34,274	33,158
Current liabilities	7,891	7,492
Fixed liabilities	14,407	12,986
Total liabilities	22,299	20,478
Total net assets	11,975	12,680

Liabilities, Net Assets, Shareholders Equity Ratio

■ Liabilities ■ Net assets - ○ Equity Ratio (%)



Cash and deposits Inventory assets Accounts receivable-other Buildings and structures	16,974 million yen 39 million yen 2,425 million yen 12,246 million yen
Current portion of long-term loans-payable Accounts payable Income taxes payable Long-term loans payable	2,982 million yen 1,376 million yen 512 million yen 11,377 million yen
Retained earnings Accumulated other comprehensive income	9,854million yen -123 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.)

FY3/23 Q2 Balance Sheet

	End of Mar. 2022 (million yen)	End of Sep. 2022 (million yen)	Change (million yen)
Total current assets	20,931	20,372	-558
(Cash and deposits)	17,296	16,974	-321
(Accounts receivable-other)	2,708	2,425	-283
Total fixed assets	13,343	12,785	-557
(Total tangible fixed assets)	5,734	5,385	-349
(Total intangible fixed assets)	174	164	-10
(Total investments and other assets)	7,434	7,235	-198
Total assets	34,274	33,158	-1,116
Total current liabilities	7,891	7,492	-399
(Current portion of long-term loans-payable)	3,113	2,982	-130
(Accounts payable)	1,561	1,376	-185
Total fixed liabilities	14,407	12,986	-1,421
(Long-term loans-payable)	12,816	11,377	-1,439
Total liabilities	22,299	20,478	-1,821
Total net assets	11,975	12,680	704
Total liabilities and net assets	34,274	33,158	-1,116

(Rounded down to the nearest million yen. The equity ratio is rounded to the first decimal place.)

FY3/23 Q2 Statement of Cash Flows

Operating CF: Increase in income before income taxes and sale of property, plant and equipment
 Investing CF: Sale of property, plant and equipment and acquisition of fixed assets for new opening
 Financing CF: Repayment of long-term loans-payable and dividend payment

Unit: million yen	FY3/23 Q2	FY3/22 Q2	Change
Cash flows from operating activities	1,588	1,410	-177
Cash flows from investing activities	287	227	-59
Free cash flow	1,875	1,637	-237
Cash flows from financing activities	2,994	-1,959	4,954

(Rounded down to the nearest million yen.)

New Openings For FY3/23

No. of New Openings on April 1, 2022

Nursery Schools: 2
School Clubs: 11

on June 1, 2022

School Clubs: 1

Total: 14

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

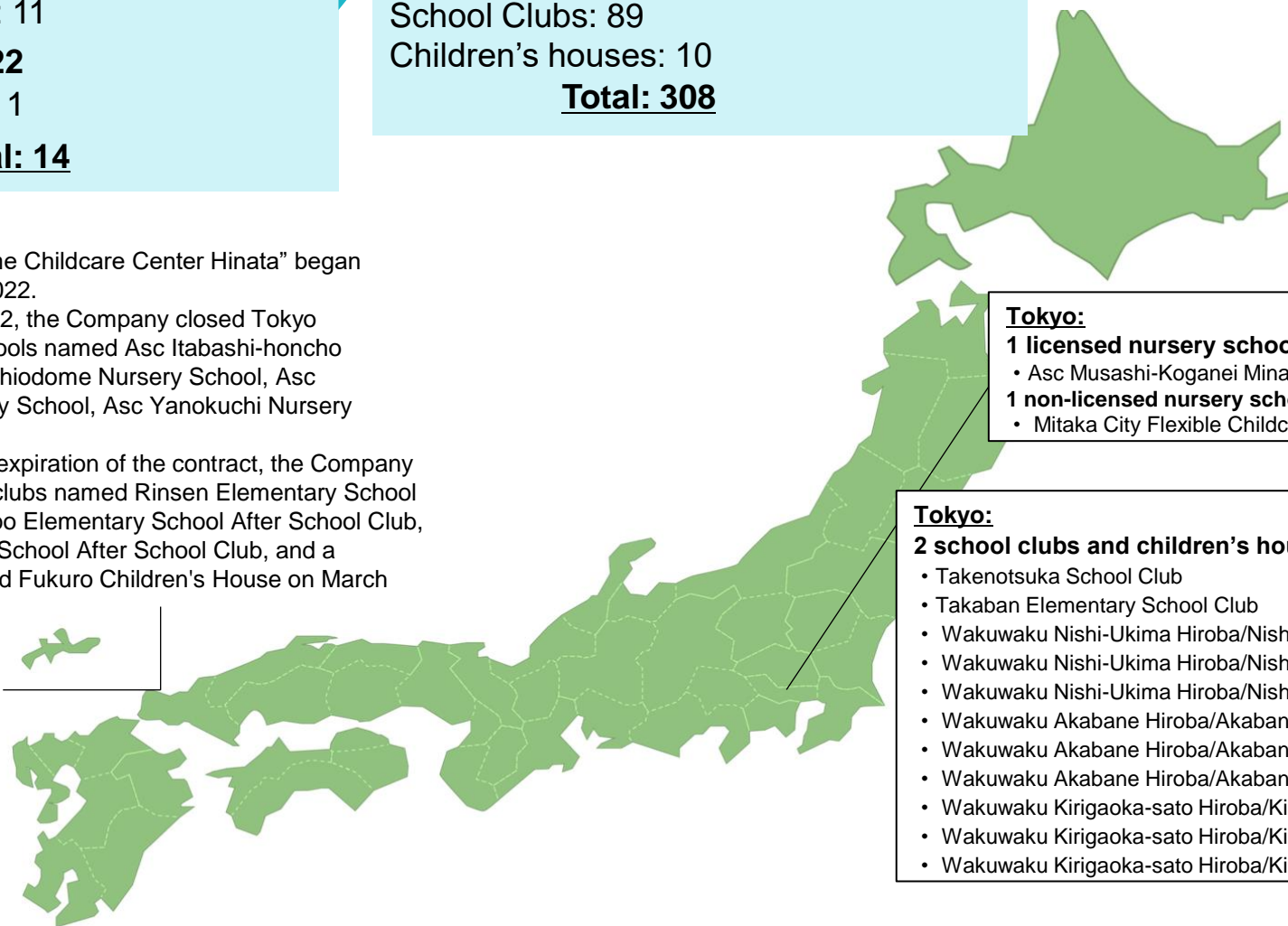
Nursery Schools: 209
School Clubs: 89
Children's houses: 10

Total: 308

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

Operate 308 facilities as of the End of September 2022



Tohoku

Licensed nursery schools: 11

Hokkaido

Licensed nursery schools: 3

Kinki

Licensed nursery schools: 9

Kanto

Licensed nursery schools: 157
Non-licensed nursery schools: 9
Other non-licensed nursery schools: 5
School clubs: 86
Children's houses: 4

**Kyushu
Okinawa**

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

Chubu

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



209 nursery schools, 89 school clubs, 10 children's houses



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FY3/23 Forecast



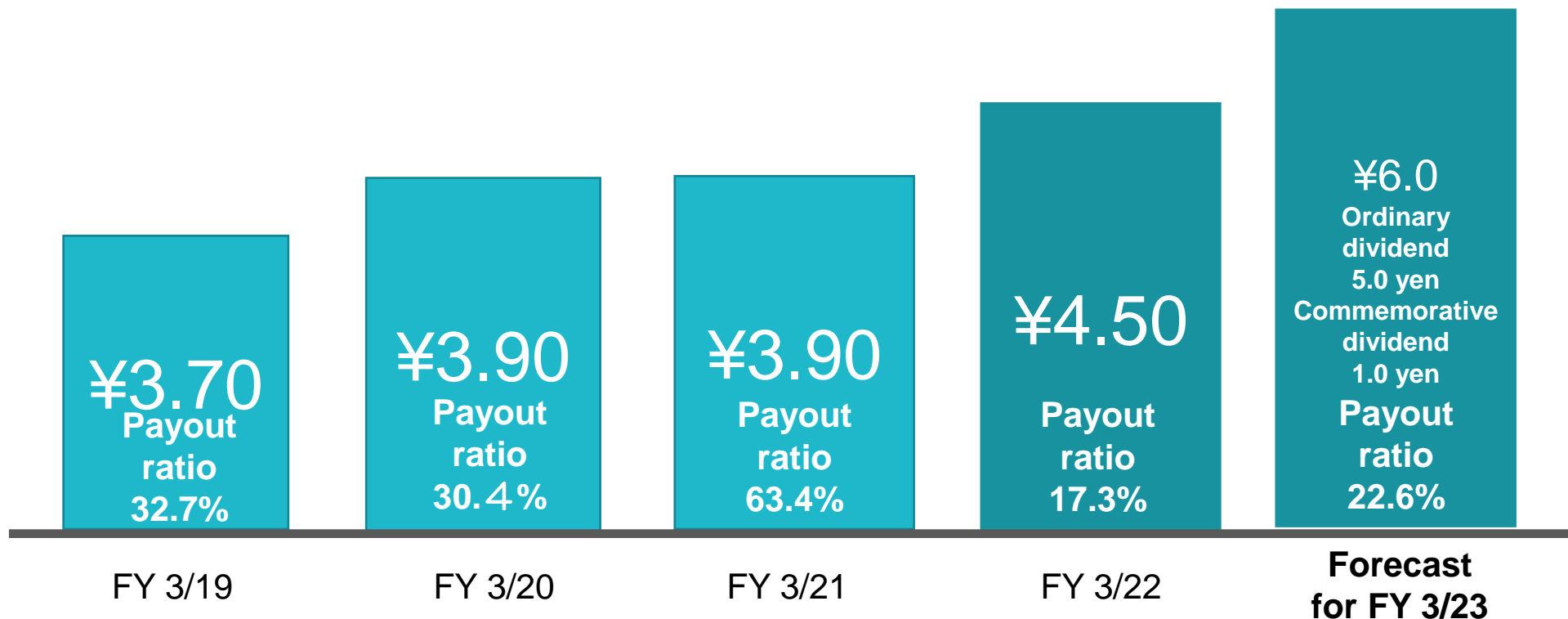
Upward revision of the previous earnings forecasts

Unit: million yen	Results for FY3/22	Initial full-year forecast for FY3/23	Revised full-year forecast for FY3/23	Compared to FY3/22		Compared to initial forecast	
				Change	% change	Change	% change
Net sales	34,373	35,640	35,640	1,266	3.7%	0	0%
Operating income	3,344	3,560	3,633	288	8.6%	73	2.1%
Ordinary income	3,358	3,580	3,711	352	10.5%	131	3.7%
Net income attributable to owners of parent	2,279	2,325	2,566	286	12.6%	241	10.4%
Net income per share (yen)	26.06	26.58	29.64	3.58	-	3.06	-
Dividend per share (yen)	4.5	6.0	6.0	2.5	-	-	-
Expected opening of nursery school (school)	3	2	2	-1	-	-	-
Expected consignment of school clubs and children's houses (facility)	8	11	11	+3	-	-	-

(Rounded down to the nearest million yen.)

◎ 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.



JP HOLDINGS GROUP

Long-Term Management Vision/Medium-term Management Plan

2



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 FY3/22 to FY3/24

3rd year (final fiscal year) of the medium-term management plan FY3/24; Net sales: 36,300 million yen, ordinary income: 3,960 million 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)**

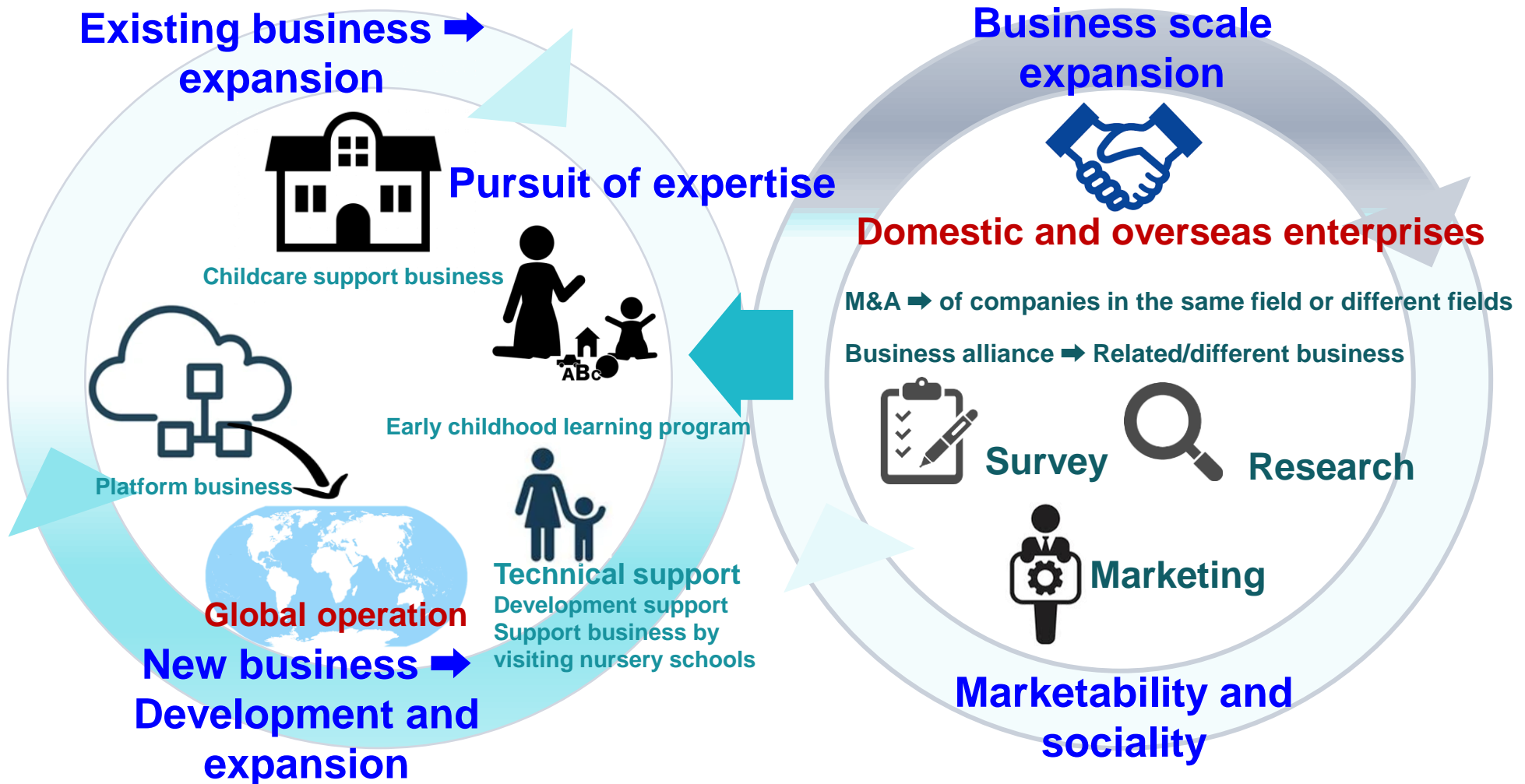
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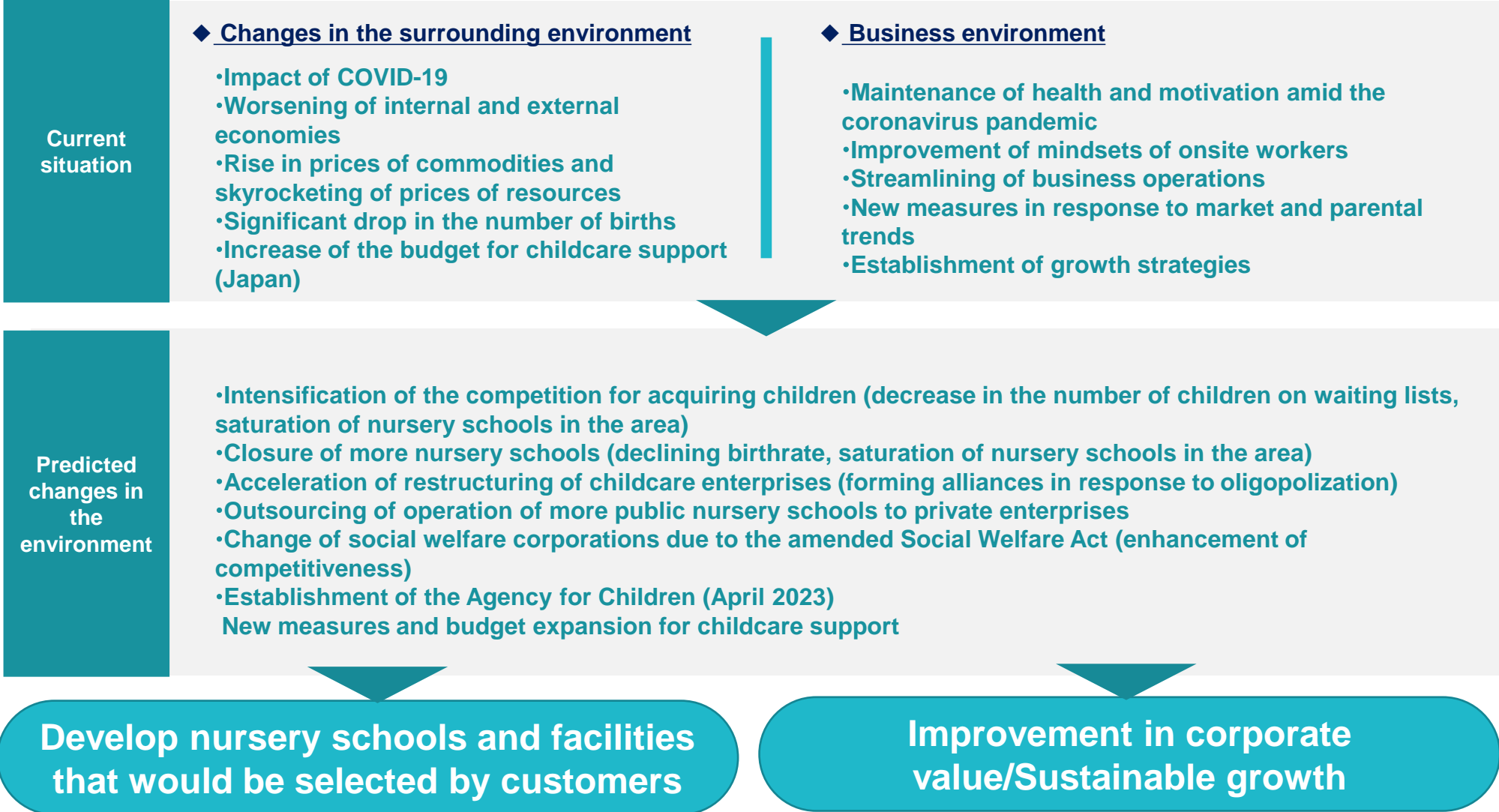
FY3/22

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



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



- 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.

Long-term goals

- **Consolidated net 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

Medium-term Management Plan

From FY3/22
To FY3/24

- (1) Establishment of nursery schools and facilities that will be selected by customers
- (2) Improvement in profitability
- (3) Fortification and streamlining of the management base
- (4) Promotion of growth strategy

Sustainable growth
To maximize earnings from existing businesses
Expansion of business scale

Nursery schools and facilities that would be selected by customers

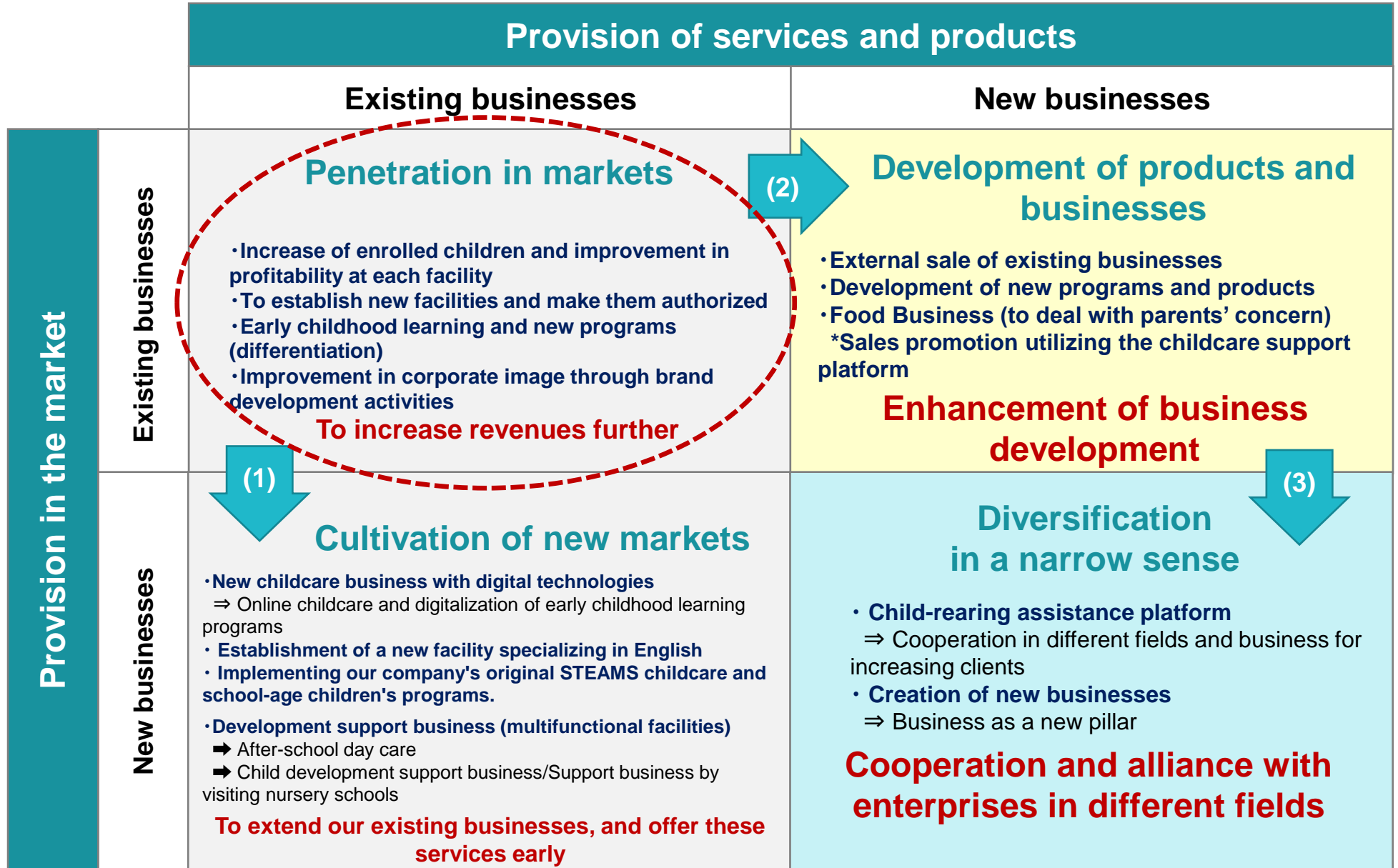
No.1 in each region
(Quality and services unmatched by other companies)

Establishment of the management base

Streamlining of management
(Simple operation)

Establishment of a new pillar of revenues

Ratio of sales: 10% or higher
(Development of new businesses)



•Plans were reviewed as performance improved greatly in FY3/22 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	Medium-term Management Plan						
	FY3/22	FY3/23				FY3/24	
	Results	Initial forecast	Revised forecast	Compared to the initial forecast	Y/y	Target	Y/y
Net sales	34,373	35,640	35,640	0%	3.7%	36,300	1.9%
Operating income	3,344	3,560	3,633	2.1%	8.6%		
Operating income margin	9.7%	10.0%	10.2%	0.2%	0.5%		
Ordinary income	3,358	3,580	3,711	3.7%	10.5%	3,960	6.7%
Ordinary income margin	9.8%	10.0%	10.4%	0.4%	0.6%	10.9%	0.5%
Net income	2,279	2,325	2,566	10.4%	12.6%		
Net income margin	6.6%	6.5%	7.2%	0.7%	0.6%		

(Rounded down to the nearest million yen/Operating income margin, ordinary income margin, and net income margin compared to the initial forecast and Y/y are the difference.)



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3

Priority Measures for the Third Quarter of FY3/23 and Beyond



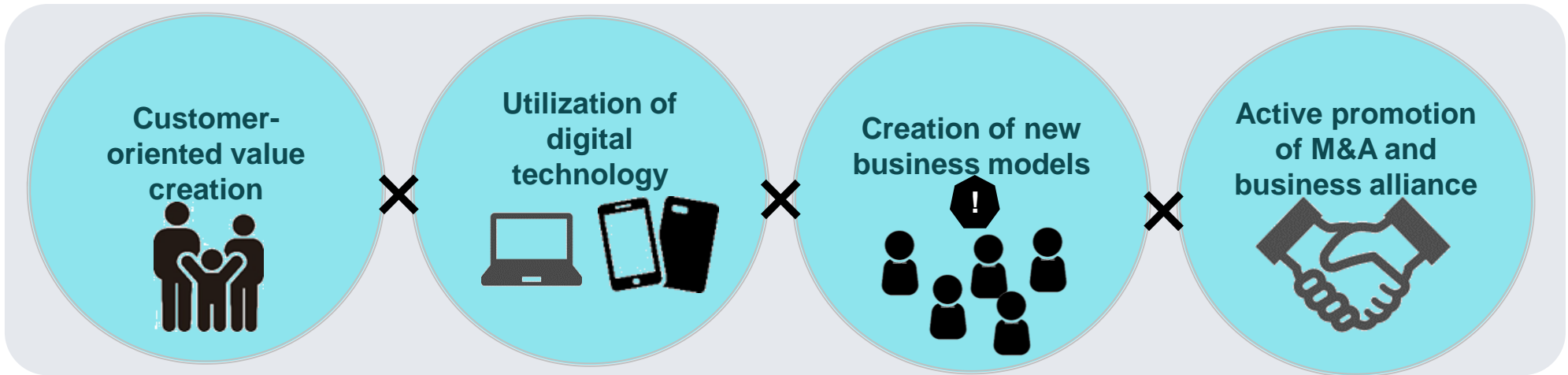
Steadily proceeded with the priority measures for the second half and next fiscal year

Priority measures	Progress
Development nursery schools and facilities that would be selected by customers	<ul style="list-style-type: none"> •The number of visitors has increased through digitally-enabled nursery school tours and applications. •Strengthened information dissemination through each nursery school's website and implemented collaborative events through the use of online services. •Increased the number of classes offered in cooperation with nearby schools (swimming, karate, soccer, etc.). •Increased the number of children accepted by expanding early childhood learning programs and differentiated ourselves from other facilities.
Improvement of profitability of childcare support facilities	<ul style="list-style-type: none"> •Improved the profitability of each facility by optimizing staffing. •Increased the number of new contracts for school clubs and children's houses based on the dominance strategy. •Increased online training and other programs to improve the quality of childcare services.
Improvement of operational efficiency (compact head office)	<ul style="list-style-type: none"> •Reduced operations at facilities and the head office through the installation of a system. •Consolidated group companies to improve efficiency of intra-group operations (3 companies to 1 company). •Prepared for the development of the system infrastructure to improve efficiency and sophistication of operations.
To deal with guardians' problems (new business)	<ul style="list-style-type: none"> •Promoted product development and test marketing at the facility for use of prepared foods and dinner sales. •Prepared for sales of diaper subscriptions, study and equipment sets as a convenience for parents. •Developed new learning programs (childcare facilities specializing in English/nursery schools and school clubs for STEAMS).
Enrichment of the development support business (new business)	<ul style="list-style-type: none"> •Expanded developmental support patrols for children of concern and created database. (considering collaboration with other companies) •Selected concepts and areas for the establishment of a multifunctional facility.
Child-rearing assistance platform (codomel)	<ul style="list-style-type: none"> •Received Grand Prize in the Parent Support Services category of the BabyTech® Awards 2022 in recognition of our SDGs initiatives. •Developed and verified dinner meal sales and expansion of service functions.

Major Management Strategies for FY 3/23

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

Management Strategy (1) Devote Ourselves to the “Development of Nursery Schools and Facilities That Would Be Selected by Customers”

Using digital technology and working with local communities to develop nursery schools and facilities that would be selected by customers



Online distribution of videos

English, gymnastics, eurhythmics and dance

Corporate partnerships

Expansion of food and agriculture education

To give lessons in cooperation with other enterprises

Online/video-based facility tours

Enrichment of the website and strengthening of communication

Promotion of brand recognition

Parents

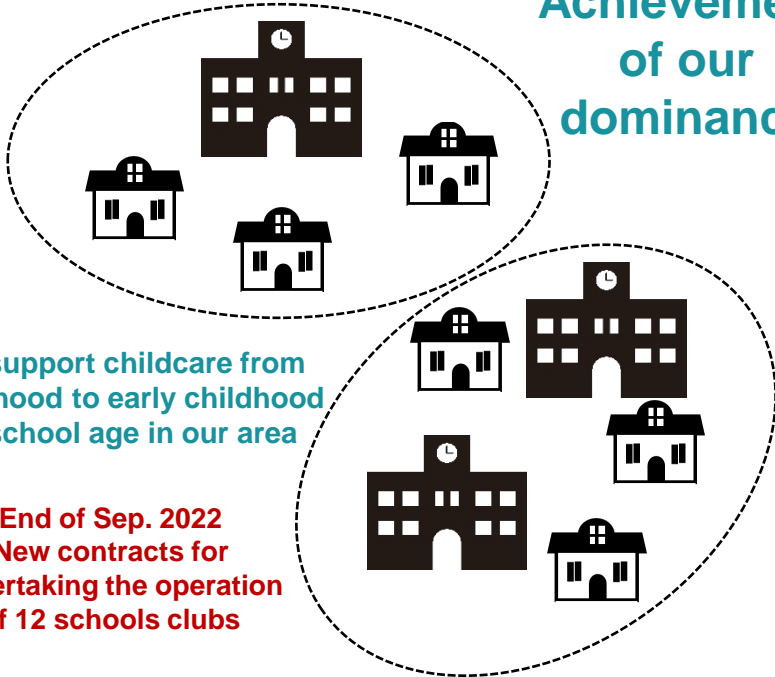
Those who are expected to give birth and raise children

Childcare from babyhood to early childhood to school age through dominance strategy
 Further qualitative improvement of childcare and child-rearing through human resource education

Area dominance strategy

Increase the number of schools clubs and children's houses to 200/increase of 10 facilities per year

Achievement of our dominance

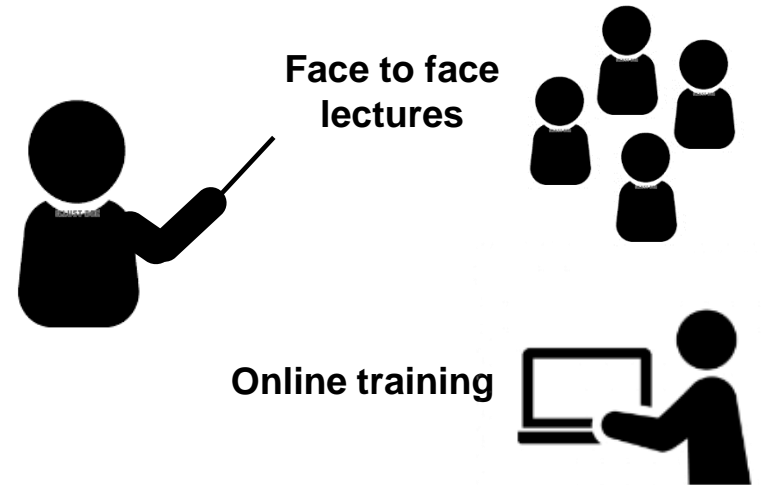


To support childcare from babyhood to early childhood to school age in our area

End of Sep. 2022
 New contracts for undertaking the operation of 12 schools clubs

Personnel development

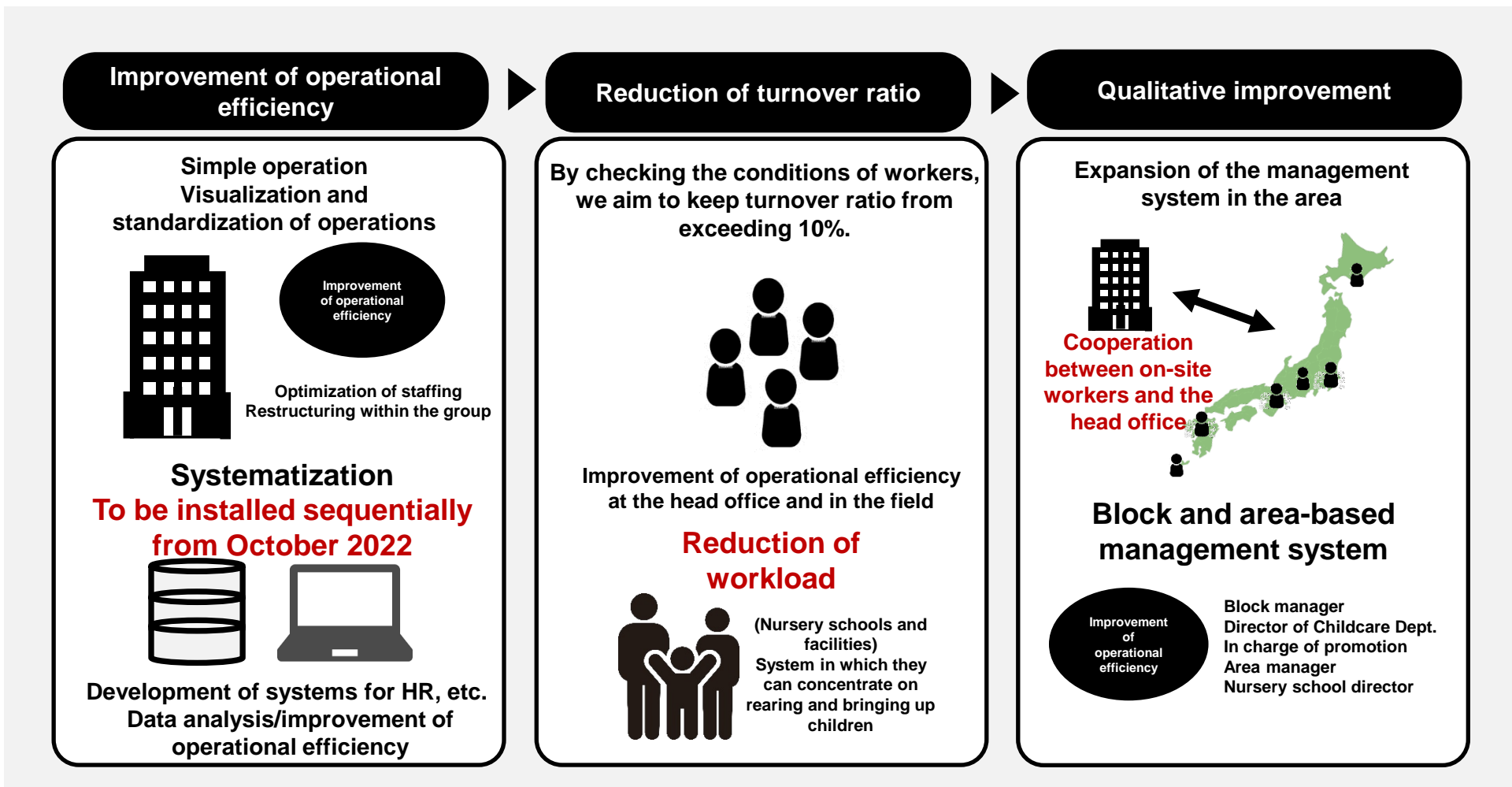
Expansion of our education system through more than 300 training programs



Qualitative improvement of childcare and child-rearing

Elimination of wasteful operations and systemization to improve efficiency and make operations more sophisticated

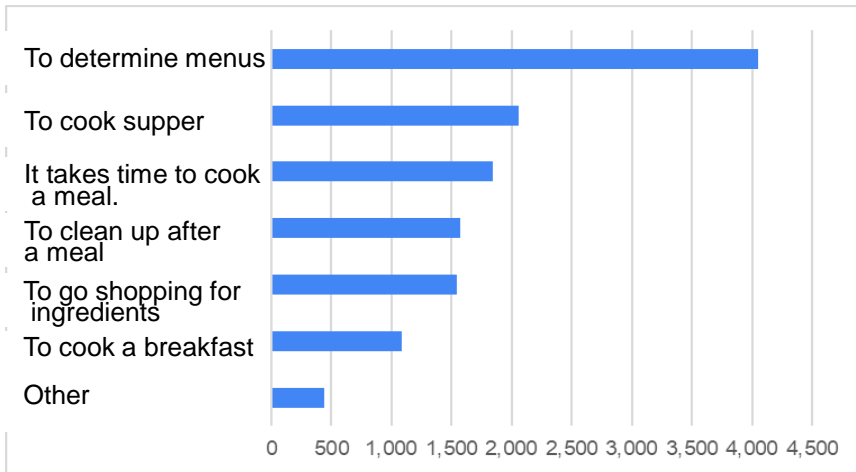
Realization of a compact head office through optimization of personnel



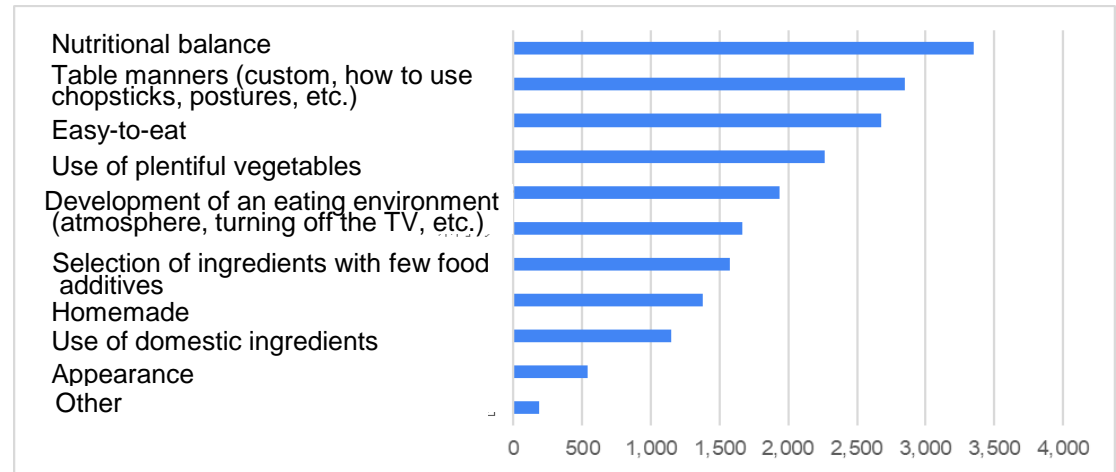
- The results of the questionnaire targeted at guardians using nursery schools operated by our corporate group indicate that most of them are bothered by the chores of “determining menus” and “cooking supper” for their families.
- They put importance on **“nutritional balance” for their children’s meals.**

To commercialize the lunches eaten by children (as frozen food) for dealing with guardians' trouble
To operate the food business for offering “nutrients,” “familiar seasoning,” and “deliciousness”

Q: Trouble regarding meals at home



Q: What they put importance on for children’s meals



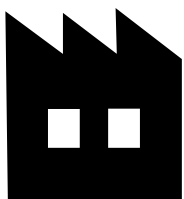
Developing a new service business that takes the parents' concerns as the starting point for the business.

*Questionnaire targeted at guardians at each facility operated by our corporate group

Food business responding to guardians' problems/offering childcare-related products (subscription-based)

Development of food business

Dinner meal sales (product development)



- (1) Merchandising based on menus, etc.
- (2) Careful selection of ingredients
- (3) Cooking
- (4) Rapid cooling

<Collaboration with food companies>

Product development and sales system



Utilization of the child-rearing assistance platform



Expansion of sales channels

Parents and codomer members
Other childcare providers



Child care supplies and diapers

Service to provide all necessary items at nursery schools

Diaper Subscription



Nursery schools

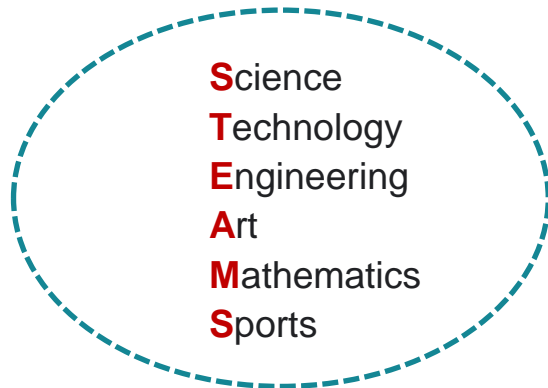
Learning products for each age



To provide unique childcare and education services not available at other companies
Nursery schools and school clubs for STEAMS/childcare facilities specializing in English

Initiatives for establishing nursery schools and school clubs for STEAMS

- STEAM is a new educational method developed in the U.S. by combining the initials of five fields.
- This method has been already spread around the world. In Japan, the Ministry of Education(MEXT) is promoting STEAM as a cross-curricular learning program to help children discover and solve problems in the real world.
- As physical activity is essential for the healthy development of infants, toddlers, and school-aged children, we will add “Sports” to STEAM and incorporate it into daily childcare and child-rearing.



- Promoting program development
- Implementation of test marketing in some regions
- Collaboration with universities and other research institutions to consider measures to be taken

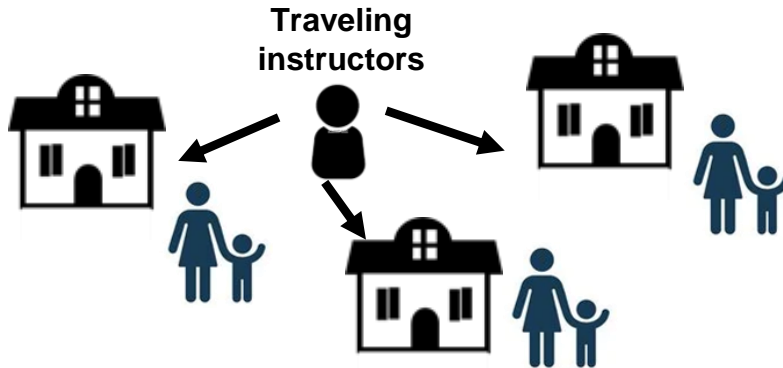
Childcare facilities specializing in English

- Facilities where native English-speaking teachers are assigned to the nursery schools and children can experience English in an enjoyable manner.
 - ➔Preparation for operation in April 2023
- Establishment of bilingual nursery schools (tentative name)
 - Three facilities to be operated in Kanto (planned)
- ➔To develop programs that allow children to learn and experience English in an enjoyable manner
 - ➔Supported by native English-speaking teachers



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

Support business by visiting nursery schools



(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) 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

Establishment of multifunctional facilities

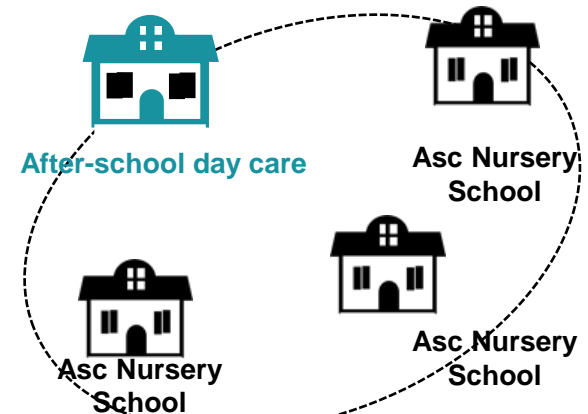


(1) Morning: Child development support
•Preschoolers

(2) Daytime: Child development support
•Preschoolers
After-school day care
•Lower grades of elementary school

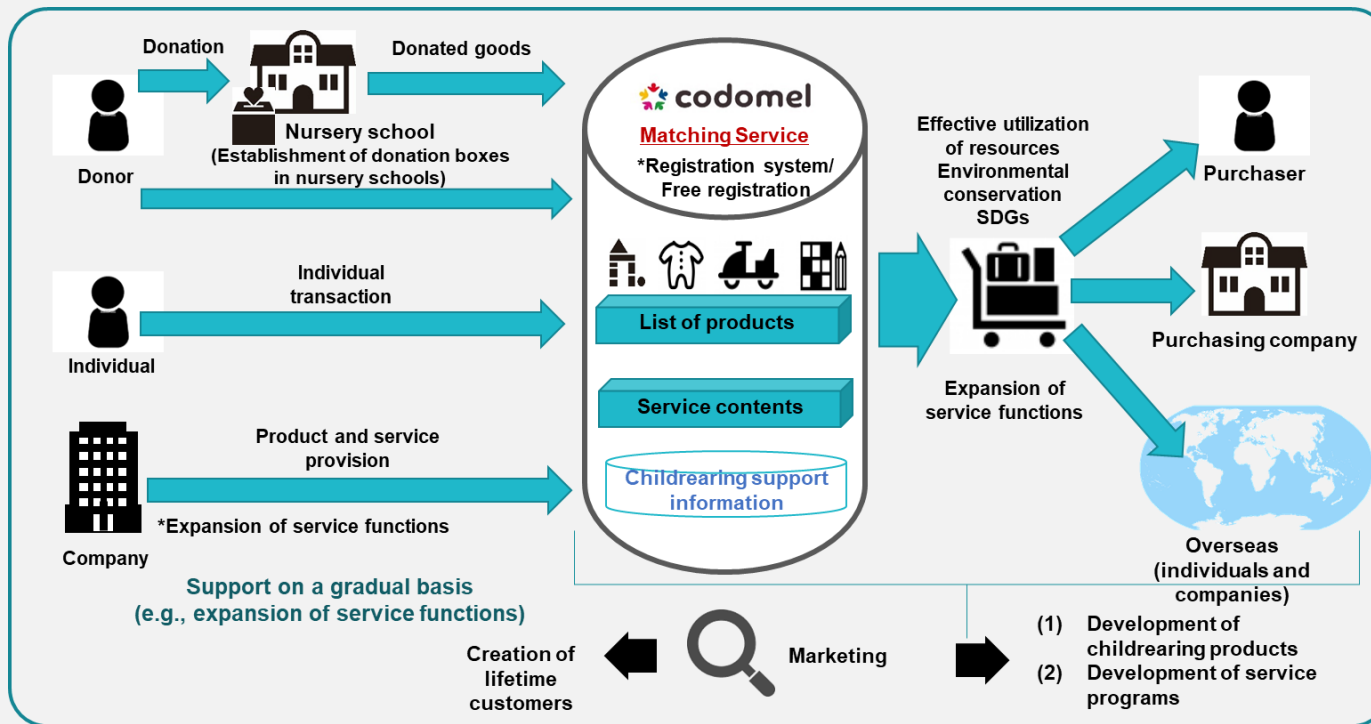
(3) Evening: After-school day care
•Higher grades of elementary school

Establishment of after-school day care in the dominant area



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
Received Grand Prize in the Parent Support Services category of the BabyTech® Awards 2022

Outline of “codomel,” a child-rearing assistance platform



Business expansion and collaboration

(1) Expansion of the circle of SDGs through collaboration with various companies including our company
 •Increase the number of donation boxes

(2) Expansion of service contents
 •Increase information on childcare support

(3) Development of new services and products
 •Food business (dinner meal sales)
 •Sale of childcare supplies
 •Photo sales in cooperation with each facility
 •Creation of products in cooperation with other companies
 Childcare-related products
 •Service development in cooperation with other companies
 Child care services
 •External sales to other childcare providers
 •Overseas services

Management Strategy (6) Expansion of Existing Businesses and Collaboration with Other Companies

Aggressively pursue M&A of companies in the same industry and childcare-related companies in order to achieve sustainable growth.

Expand early childhood learning programs (strengthen measures for improving existing programs and developing new ones)

Expansion of learning programs

Early childhood learning programs



Mojikazu Land (in cooperation with Gakken, etc.)
Expansion of English, gymnastics, eurhythmics and dance programs

(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 for infants
To adopt dance and art programs
To increase recognition of Baby Asc (program for infants)

Business scale expansion

To actively promote M&A and business alliances (business scale)

10 million yen to 20 million yen



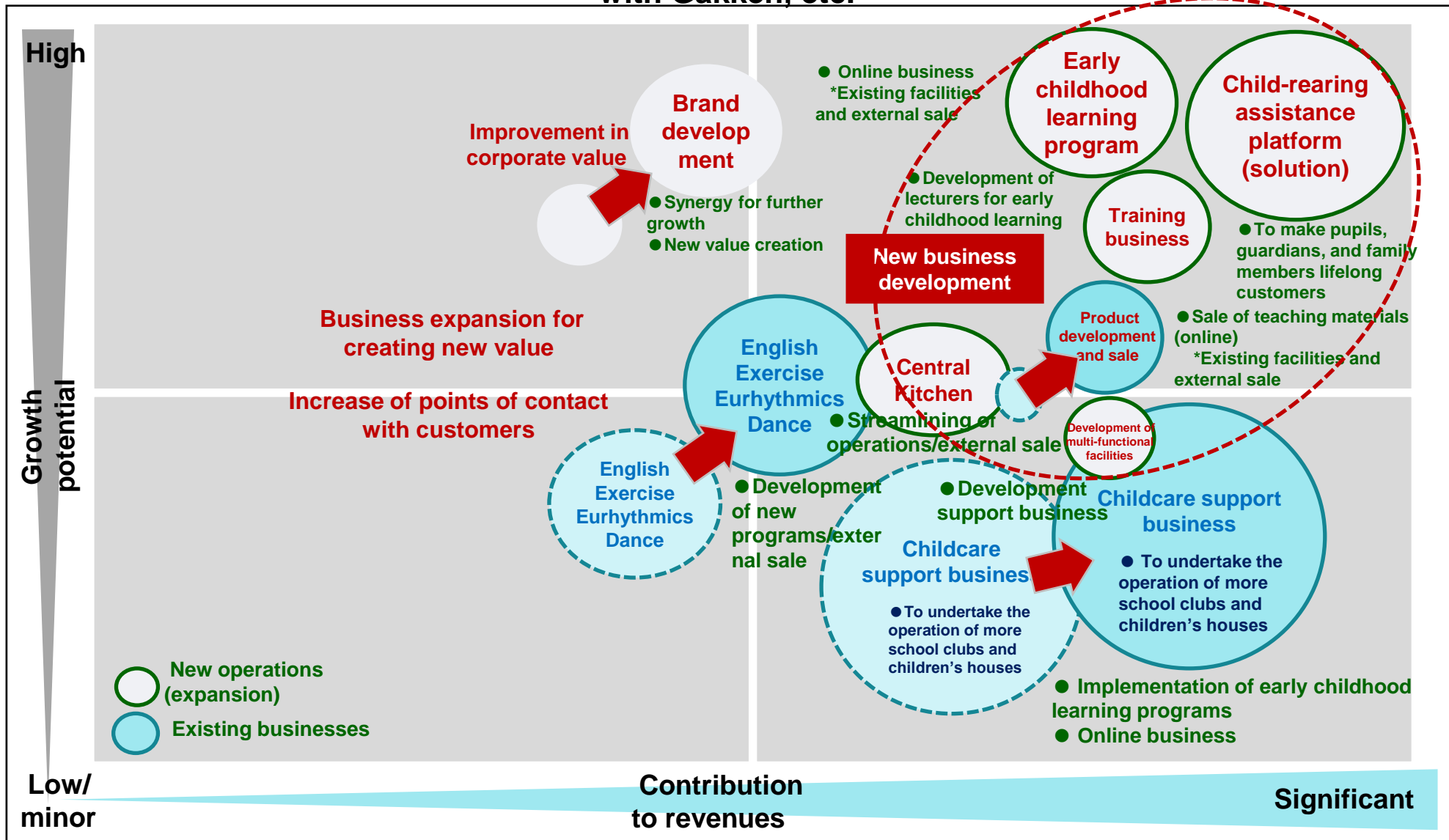
- Same industry (childcare centers, childcare support companies)
- Peripheral businesses related to child-rearing

(2) Promotion of M&A and business alliances with other companies in the same industry

- ▷ Promotion of M&A through oligopolization
- ▷ Alliances with other industries and childcare-related peripheral businesses

Business Portfolio

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










JP HOLDINGS GROUP



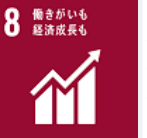









4

APPENDIX



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>	<p> 3 すべての人に健康と福祉を</p> <p> 4 質の高い教育をみんなに</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>	<p> 4 質の高い教育をみんなに</p> <p> 10 人や国の不平等をなくそう</p> <ul style="list-style-type: none"> •Development and enrichment of educational programs (English, exercise, eurhythmics and dancing) •Development and promotion of online education Development of programs for early childhood learning at home in response to changes in the social environment •Provision of early childhood learning opportunities
<p>Partnership</p>	<p>To help solve social issues based on the partnership with stakeholders</p>	<p> 17 パートナーシップで目標を達成しよう</p>



Social issues to be solved with our corporate activities		Related SDGs			Major activities
Personnel development	Improvement in expertise and actualization of independent career development	4 質の高い教育をみんなに 	5 ジェンダー平等を実現しよう 	8 働きがいも経済成長も 	<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		8 働きがいも経済成長も 		<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		5 ジェンダー平等を実現しよう 		<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	4 質の高い教育をみんなに 	8 働きがいも経済成長も 	11 住み続けられるまちづくりを 	<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	7 エネルギーをみんなにそしてクリーンに 	12 つくる責任つかう責任 	15 陸の豊かさも守ろう 	<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	×			17 パートナースHIPで目標を達成しよう 

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

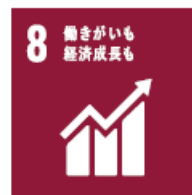
As a mission of an enterprise that operates childcare support business, we will approach impoverished households and take measures for preventing child abuse, which are social problems.

・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, May and December 2021, and May 2022, we conducted the “support for single parent households.”)

SUSTAINABLE DEVELOPMENT GOALS

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



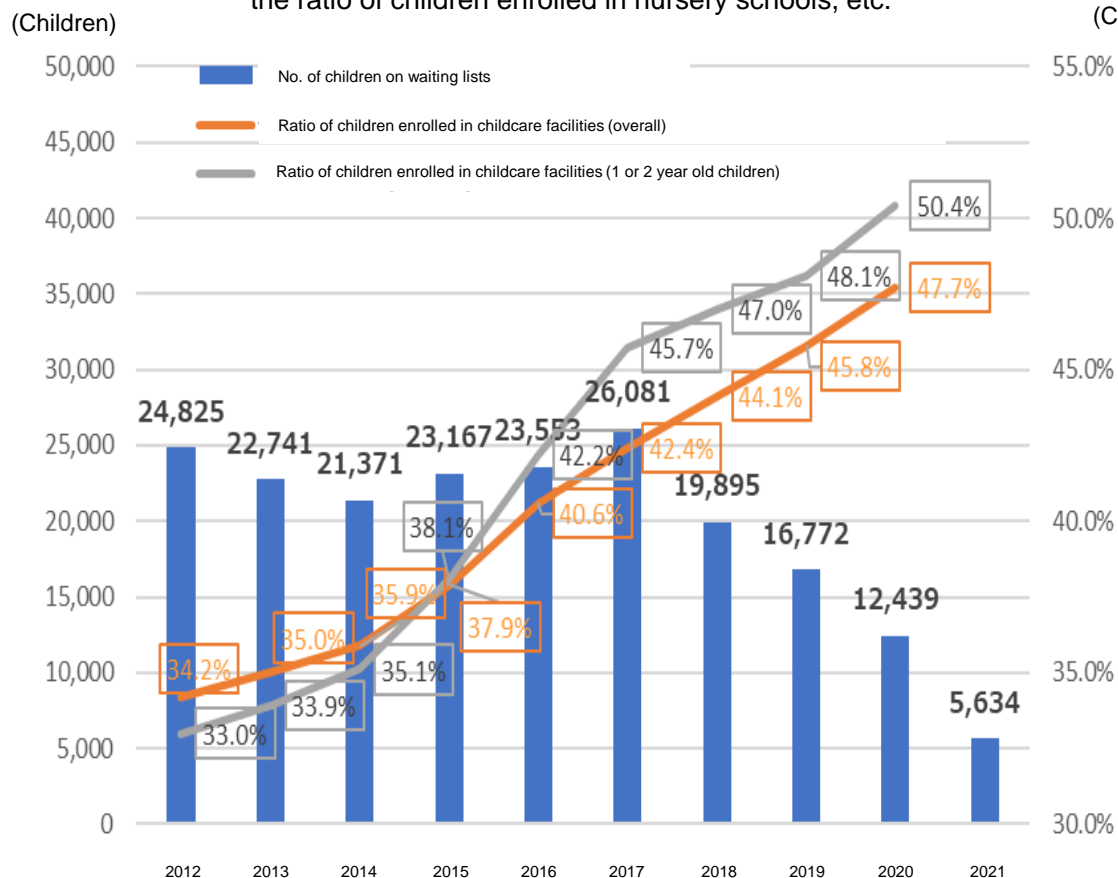
SUSTAINABLE DEVELOPMENT GOALS



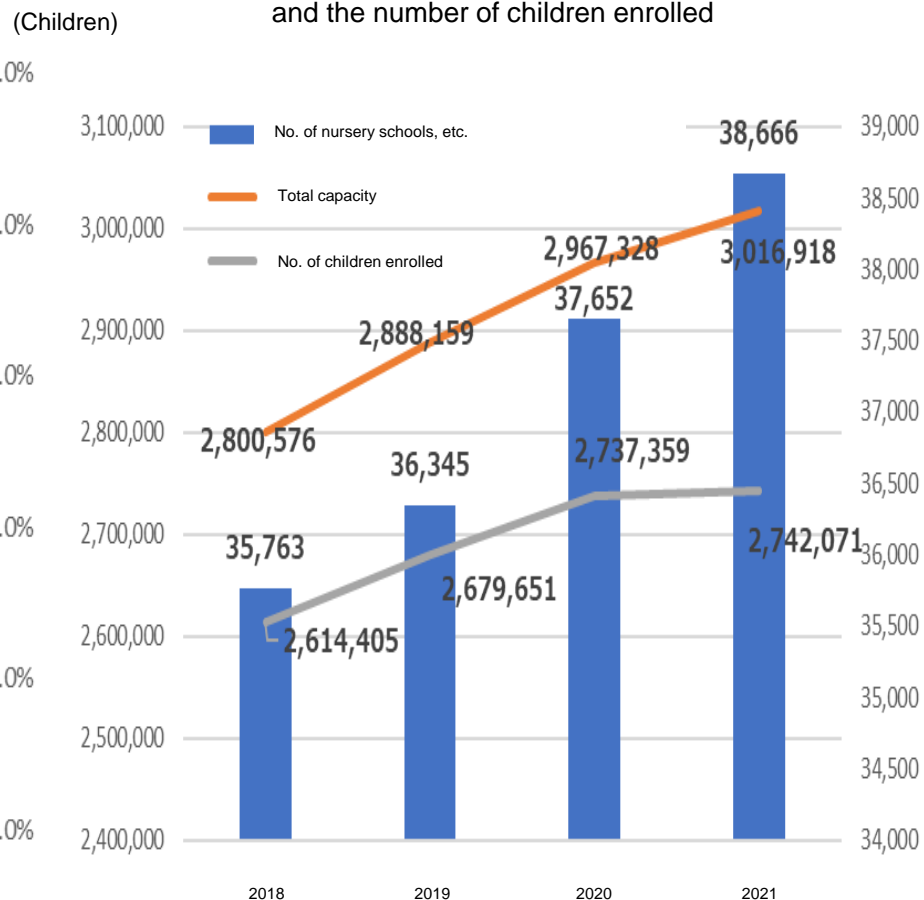
Variations in the Number of Children on Waiting Lists and the Ratio of Children Enrolled in Nursery Schools, Etc. (2021)

- The total capacity of nursery schools, etc.: 3.01 million children, up 49,000 children from the previous year.
- The number of children enrolled in nursery schools, etc.: 2.74 million, up 5,000 from the previous year.
- The number of children on waiting lists: 5,634, down 6,805 from the previous year.

Variations in the number of children on waiting lists 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

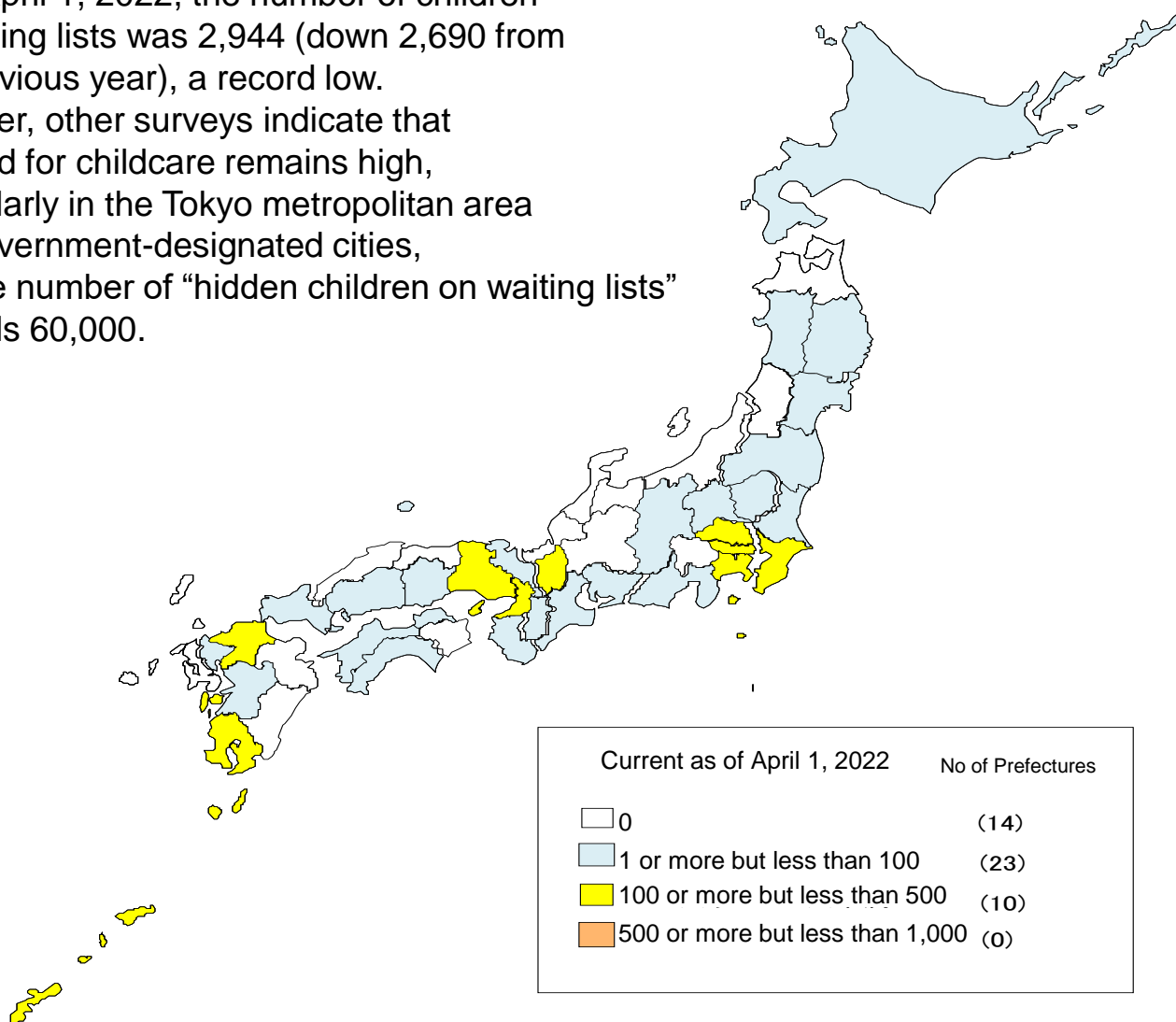


Source: Ministry of Health, Labour and Welfare's Summary of the Situation of Nursery Schools, Etc.

Current Waiting List Situation in Each Prefecture

As of April 1, 2022, the number of children on waiting lists was 2,944 (down 2,690 from the previous year), a record low.

However, other surveys indicate that demand for childcare remains high, particularly in the Tokyo metropolitan area and government-designated cities, and the number of “hidden children on waiting lists” exceeds 60,000.



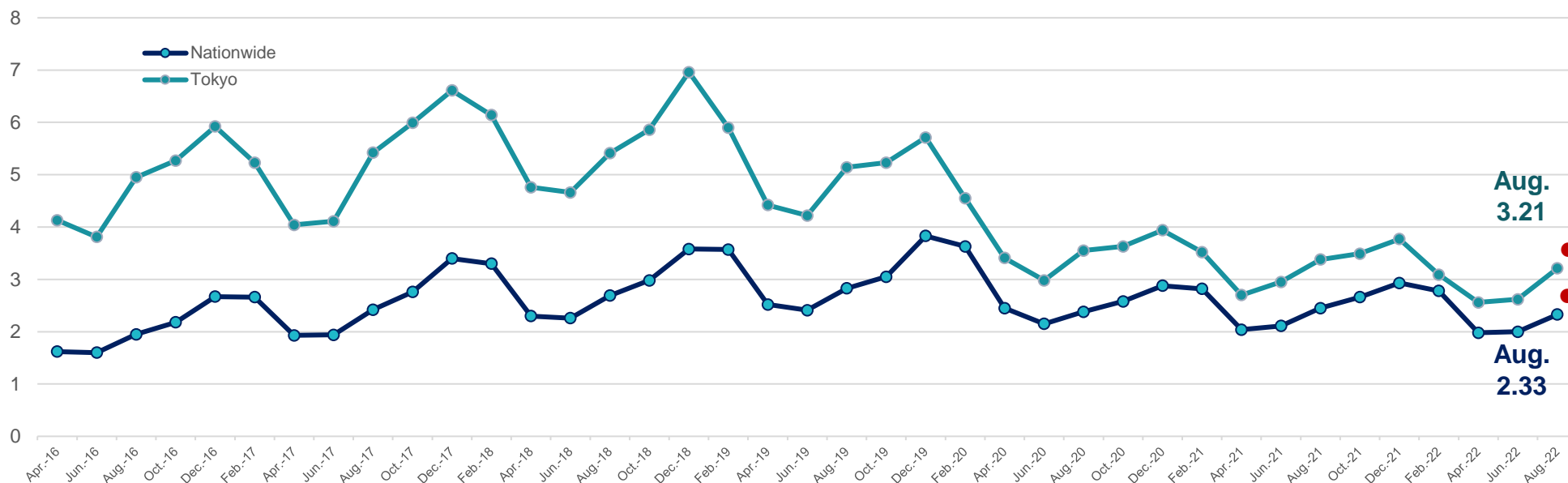
Prefecture	No. of children on waiting lists	Ratio of children on waiting lists
	people	%
Hokkaido	22	0.03
Aomori	0	0.00
Iwate	35	0.12
Miyagi	75	0.17
Akita	7	0.03
Yamagata	0	0.00
Fukushima	23	0.07
Ibaraki	8	0.01
Tochigi	14	0.03
Gunma	1	0.00
Saitama	296	0.21
Chiba	250	0.20
Tokyo	300	0.09
Kanagawa	220	0.12
Niigata	0	0.00
Toyama	0	0.00
Ishikawa	0	0.00
Fukui	0	0.00
Yamanashi	0	0.00
Nagano	9	0.02
Gifu	0	0.00
Shizuoka	23	0.03
Aichi	53	0.03
Mie	64	0.16
Shiga	118	0.32
Kyoto	17	0.03
Osaka	134	0.07
Hyogo	311	0.26
Nara	81	0.31
Wakayama	30	0.15
Tottori	0	0.00
Shimane	0	0.00
Okayama	79	0.16
Hiroshima	8	0.01
Yamaguchi	14	0.05
Tokushima	0	0.00
Kagawa	19	0.08
Ehime	25	0.10
Kochi	4	0.02
Fukuoka	100	0.08
Saga	8	0.03
Nagasaki	0	0.00
Kumamoto	9	0.02
Oita	0	0.00
Miyazaki	0	0.00
Kagoshima	148	0.37
Okinawa	439	0.71
Total	2,944	0.10

Source: Ministry of Health, Labour and Welfare’s Nursery School Situation Summary (April 1, 2022)





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 August 2022: 2.33 times)
- ▶ Jobs to applicants ratio of Tokyo had the trend of decrease at 2.48 as of May 2022, but turned to increase from June 2022 to 3.21 as of August 2022.

Effective Opening to Application Ratio for Nursery School Teachers (X)



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

(1) Platform name	codomel
(2) Concept of the platform name and logo	<ul style="list-style-type: none"> •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.
(3) Logo	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
(4) Overview of the first services	<ul style="list-style-type: none"> •The first services of the codomel child-rearing 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.

Recruitment of Nursery School Teachers

		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22 As of the end of Sep.
Nursery School Teacher	New graduates	197	247	276	248	182	166	166 Joined on Apr. 1, 2022
	Mid-career employment	241	327	325	269	292	226	261 As of the end of Sep. 2022
Non qualified	New graduates	23	32	46	26	9	7	5

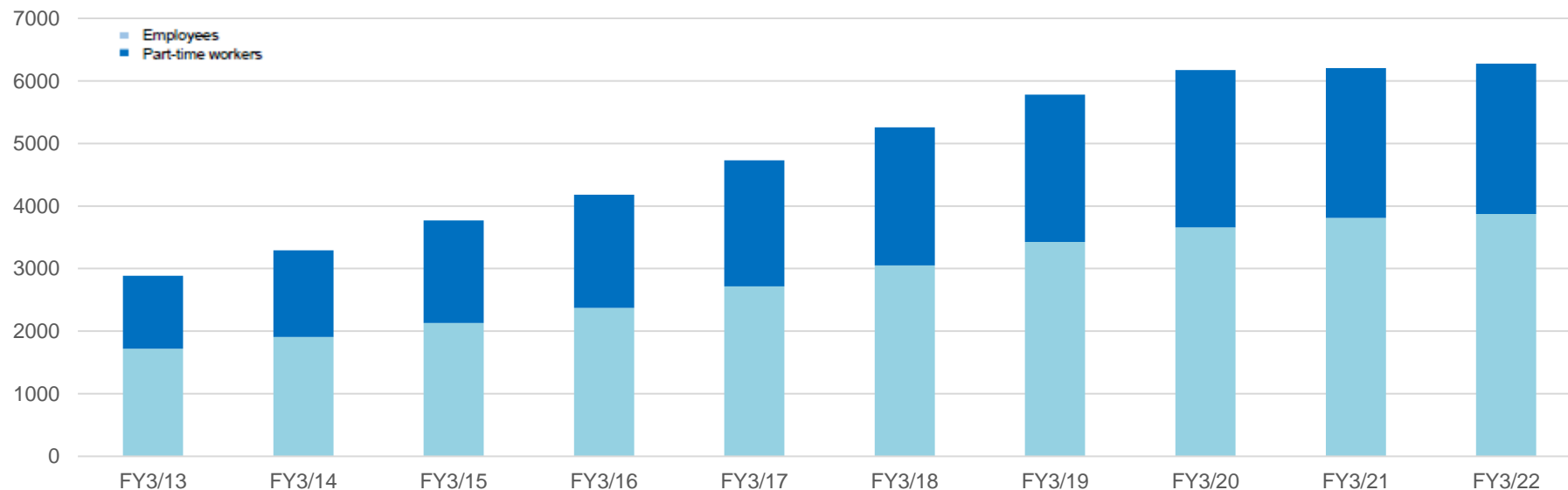
*After joining JPFD, non qualified graduates are expected and assisted to acquire nursery school teacher qualification. Started this recruitment style from FY2016.

*Includes seconded employees to associated companies

Trend of Employee Numbers in Childcare Support Business

(Persons)

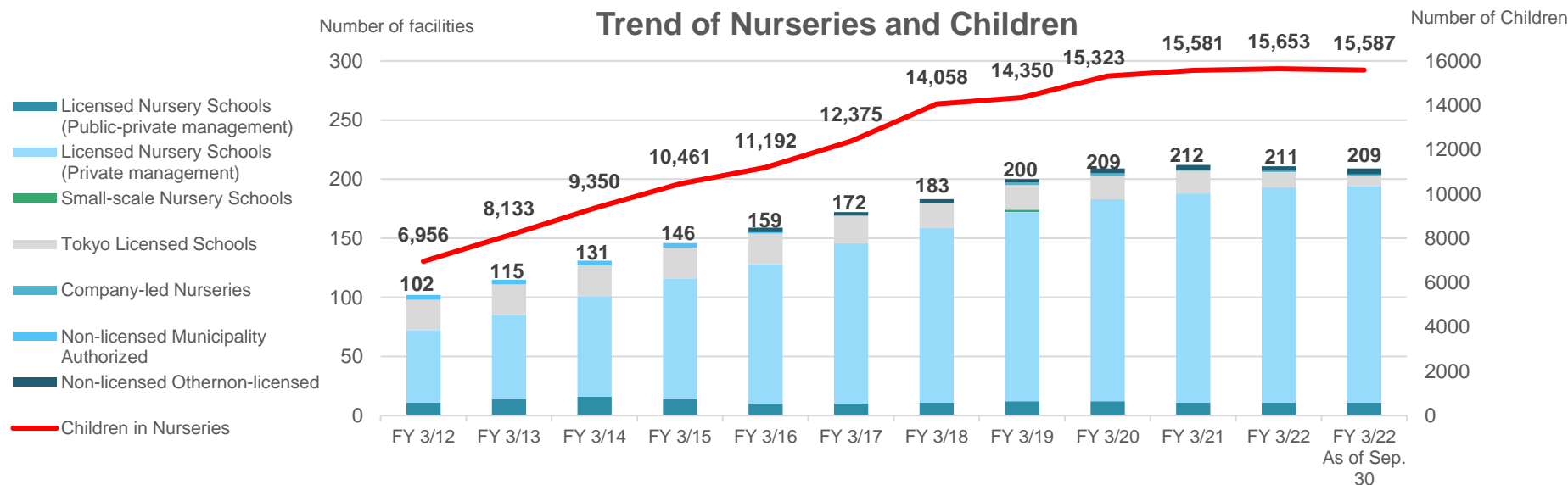
(*Includes employees of school clubs staffs, nutritionists, etc. other than nursery school teachers)



Changes in the Number of Facilities Operated and the Number of Children Accepted to Nursery Schools

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/22 As of Sep. 30
Licensed Nursery Schools (Public-private management)	11	14	16	14	10	10	11	12	12	11	11	11
Licensed Nursery Schools (Private management)	61	71	85	102	118	136	148	160	171	177	182	183
Small-scale Nursery Schools	0	0	0	0	0	0	0	2	0	0	0	0
Tokyo Licensed Schools	26	26	26	26	26	23	21	21	20	19	13	9
Company-led Nurseries	0	0	0	0	0	0	0	2	2	1	1	1
Non-licensed Municipality Authorized	4	4	4	4	1	0	0	0	0	0	0	0
Non-licensed Other non-licensed	0	0	0	0	4	3	3	3	4	4	4	5
School Clubs	39	40	43	46	55	63	71	72	72	77	81	89
Children's Houses	7	8	8	8	10	12	12	11	11	11	11	10
Private School Clubs	0	0	0	0	0	4	5	5	4	1	0	0
Kindergartens (Overseas Facility)	0	0	0	0	0	0	1	1	1	0	0	0
Total	148	163	182	200	224	251	272	289	297	301	303	308

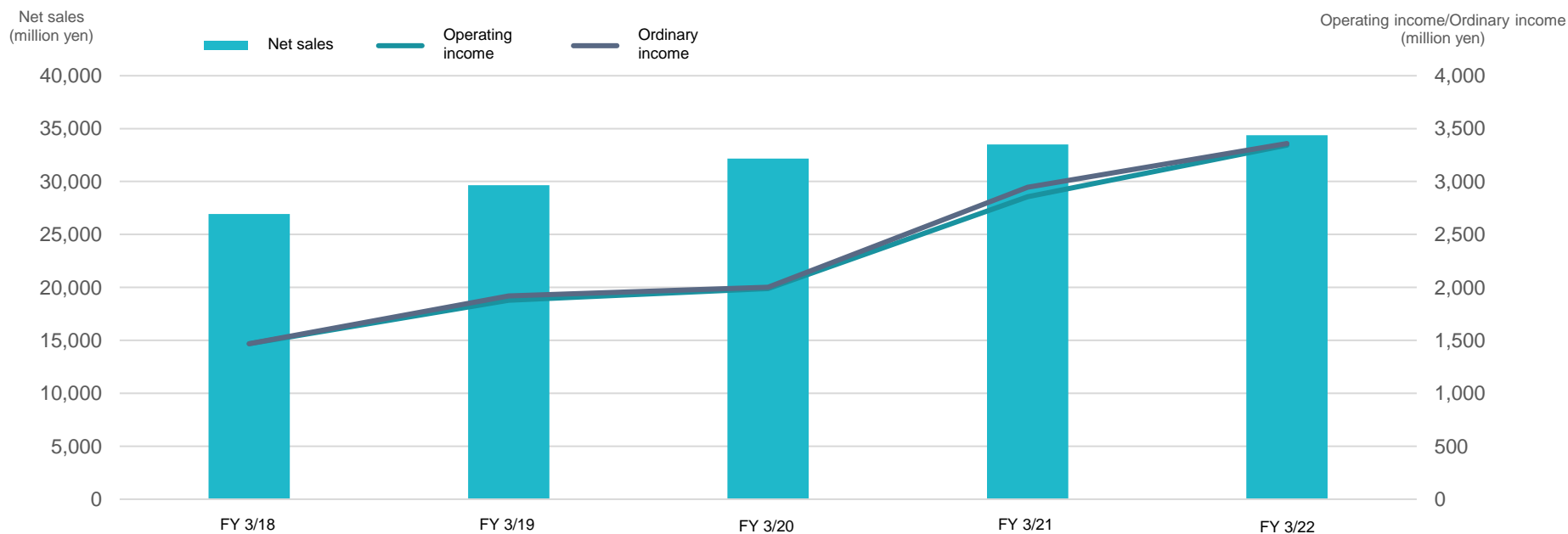
*We reviewed the count by management structure in the 2Q of FY3/16 and changed three licensed schools (public-private management) to other non-licensed nursery schools.



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.



	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

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



JP HOLDINGS GROUP

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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