



JP HOLDINGS GROUP

<https://www.jp-holdings.co.jp/>

Prime Market (2749)

# JP-HOLDINGS, INC.

## Financial Results for Fiscal Year ending March 2023



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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., which operates childcare support facilities such as nursery schools, school clubs, and children's houses nationwide, J Kitchen Inc., which cooks meals for nursery schools, and Japan Nursery Institute for General Research Inc., which offers classes in English, gymnastics, and eurhythmics for childcare support facilities, plans and sells childcare-related goods, conducts training and research about childcare and support for development and support business by visiting nursery schools, and operates the child-rearing assistance 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



**Japan Nursery Institute for General Research**  
Sale of childcare goods



**Japan Nursery Institute for General Research**  
Development of programs for children

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



**Japan Nursery Service**  
Operation of nursery schools, school clubs, and children's houses

Operation of nursery schools, school clubs, and children's houses  
Operating 304 facilities around Japan  
(※on April 1, 2023)



**J Kitchen**  
Cooking of lunches and advisory

Cooking of lunches (Our company and other companies)  
Advisory

## JP-Holdings

Childcare support business taking full advantage of synergy among group companies



**Japan Nursery Institute for General Research**  
Platform



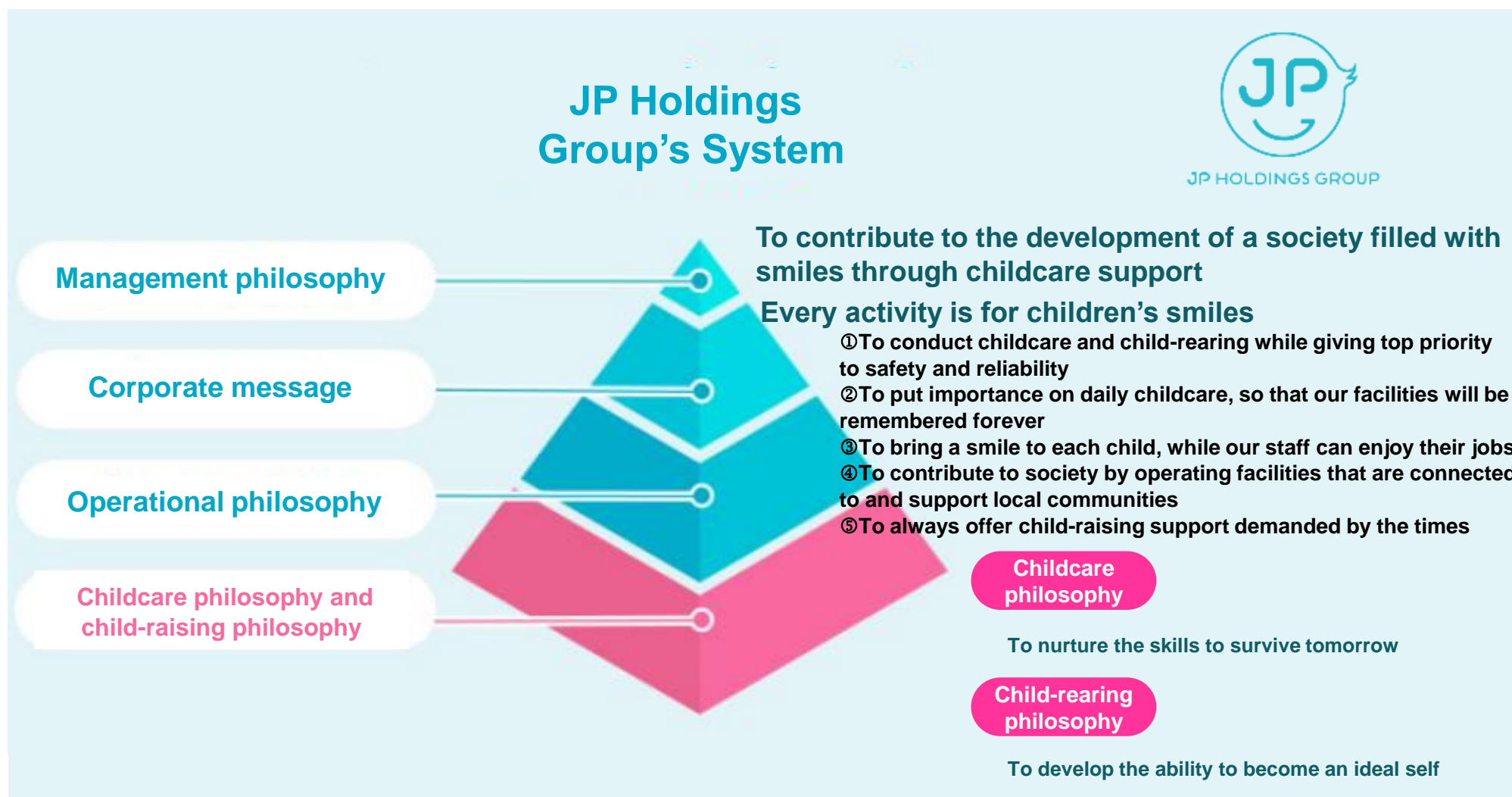
**Japan Nursery Institute for General Research**  
Training and research

Training business  
BPO service  
Support business by visiting nursery schools

Platform business  
Overseas business

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

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





JP HOLDINGS GROUP

1

# FY3/23 Results



## Summary of Business Results for FY3/23

**Increased sales and profit through the establishment and commissioned operation of new facilities, efforts to develop nursery schools and facilities that would be selected by customers, and cost reduction measures.**

**Net sales:** Although net sales exceeded the previous year's level due to the opening of new facilities and the undertaking of new facilities, but fell slightly below the forecast due to a decrease in the number of children during the period. This decrease was caused by parents refraining from leaving their children at a nursery at the beginning of the period due to the spread of COVID-19.

**Operating income:** Despite the increase in expenses due to higher raw material prices and electricity rates, we achieved more operating income than in the previous term and forecasts due to efforts to control expenses. We have established a highly profitable structure with an operating income margin of over 10%.

**Net income:** Net income significantly exceeded the previous year's level and the forecast due to an increase in extraordinary income from the sale of fixed assets such as land and buildings.

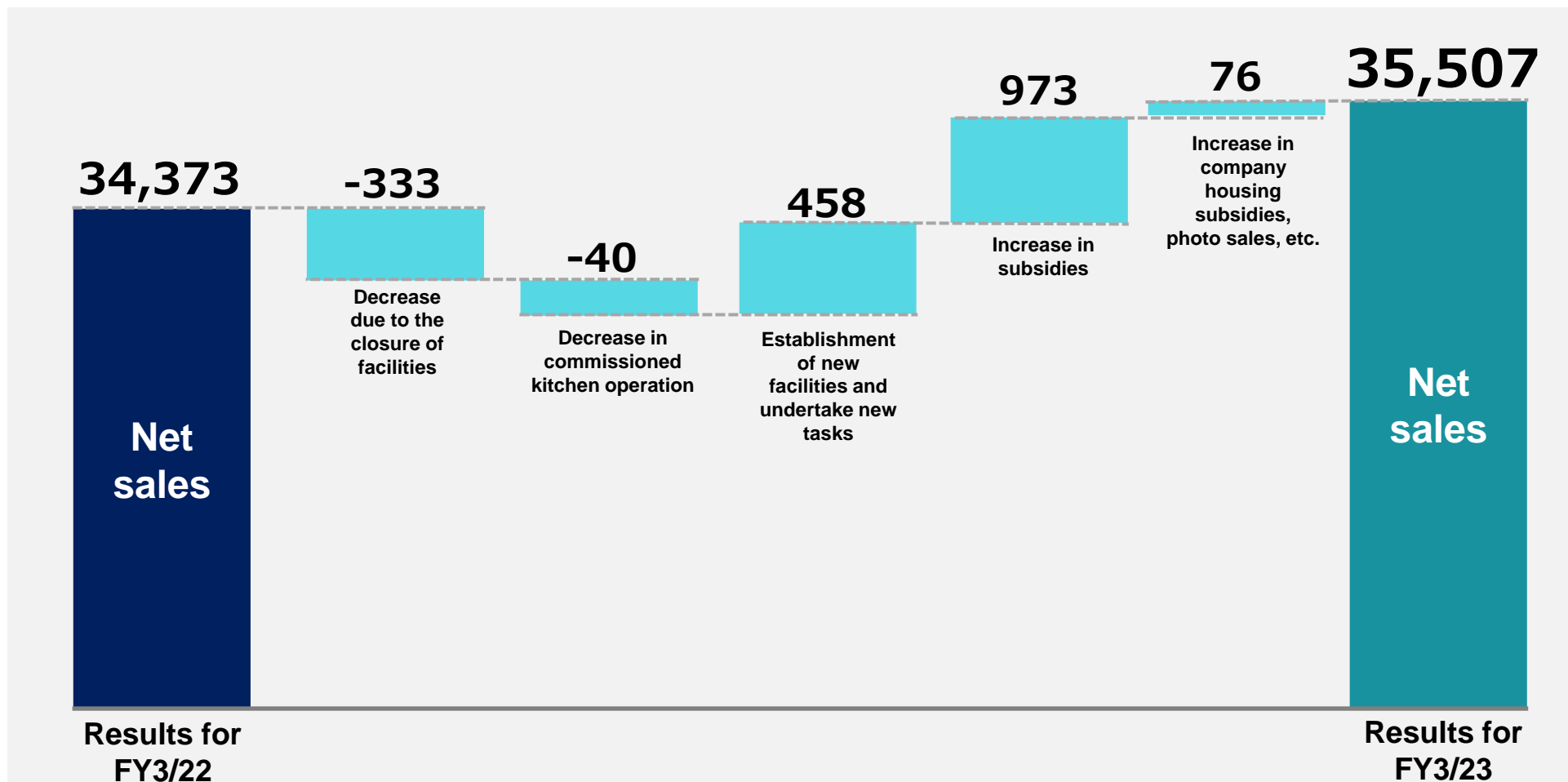
Unit: million yen	FY3/22	FY3/23					
	Results	Results	Rate of change compared to the previous term	Change compared to the previous term	Rate of change compared to the revised forecast	Change compared to the revised forecast	Revised forecast
Net sales	34,373	<b>35,507</b>	<b>3.3%</b>	<b>1,134</b>	<b>-0.4%</b>	<b>-133</b>	35,640
Gross profit	6,321	<b>6,397</b>	<b>1.2%</b>	<b>76</b>			
Gross profit margin	18.4%	<b>18.0%</b>	<b>-2.0%</b>	<b>-0.4%</b>			
SG&A	2,976	<b>2,729</b>	<b>-8.3%</b>	<b>-246</b>			
SG&A ratio	8.7%	<b>7.7%</b>	<b>-11.2%</b>	<b>-1.0%</b>			
Operating income	3,344	<b>3,667</b>	<b>9.6%</b>	<b>322</b>	<b>0.9%</b>	<b>34</b>	3,633
Operating income margin	9.7%	<b>10.3%</b>	<b>6.2%</b>	<b>0.6%</b>	<b>1.3%</b>	<b>0.1%</b>	10.2%
Ordinary income	3,358	<b>3,745</b>	<b>11.5%</b>	<b>386</b>	<b>0.9%</b>	<b>34</b>	3,711
Ordinary income margin	9.8%	<b>10.5%</b>	<b>8.0%</b>	<b>0.8%</b>	<b>1.3%</b>	<b>0.1%</b>	10.4%
Extraordinary income	183	<b>376</b>	<b>105.1%</b>	<b>192</b>			
Extraordinary loss	47	<b>58</b>	<b>24.7%</b>	<b>11</b>			
Net income	2,279	<b>2,698</b>	<b>18.4%</b>	<b>418</b>	<b>5.1%</b>	<b>132</b>	2,566
Net income margin	6.6%	<b>7.6%</b>	<b>14.6%</b>	<b>1.0%</b>	<b>5.5%</b>	<b>0.4%</b>	7.2%

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

\*2: The figures were rounded off to the nearest million yen.

## Net sales

At the beginning of the term, COVID-19 made parents refrain from leaving their children at a nursery as a countermeasure against the pandemic. However, we implemented various measures aimed at opening new facilities, undertaking the operation of new facilities, and developing nursery schools and facilities that would be selected by customers. These measures increased sales from the previous year. As a result, we achieved record-high sales.



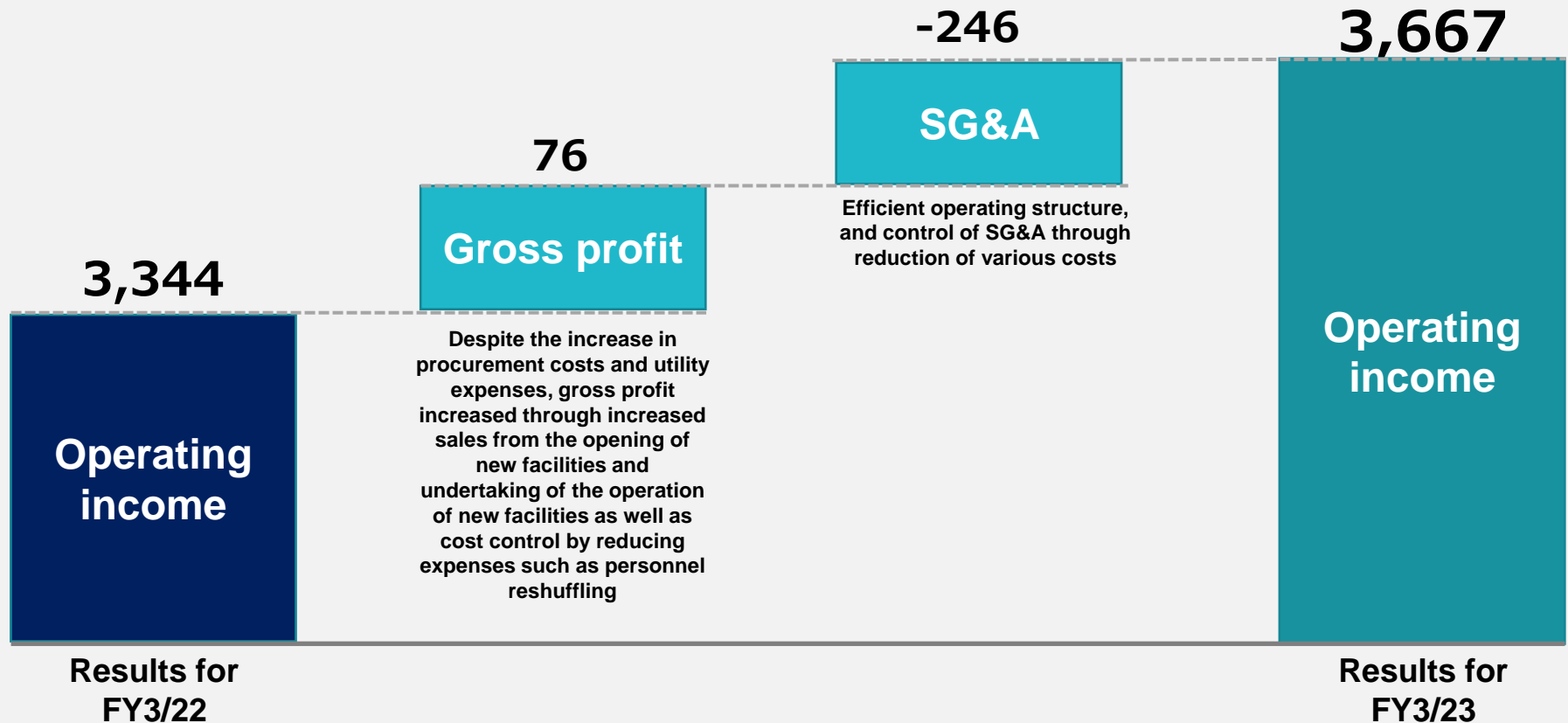
(Unit: million yen/Rounded down to the nearest million yen.)



# FY3/23 Factors for Changes in Operating Income

## Operating income

Despite a decrease in the number of children due to parents refraining from leaving their children at a nursery as a countermeasure against the COVID-19 pandemic and an increase in expenses due to higher costs of procured materials and utilities, we increased net sales through the establishment and commissioned operation of new facilities, as well as various measures. In addition, cost reduction was achieved through efficient operation by reshuffling personnel at each facility, and the previous year's special expenses were not incurred this year. These factors contributed to increased profits compared to the previous year, and we achieved record-high profit.

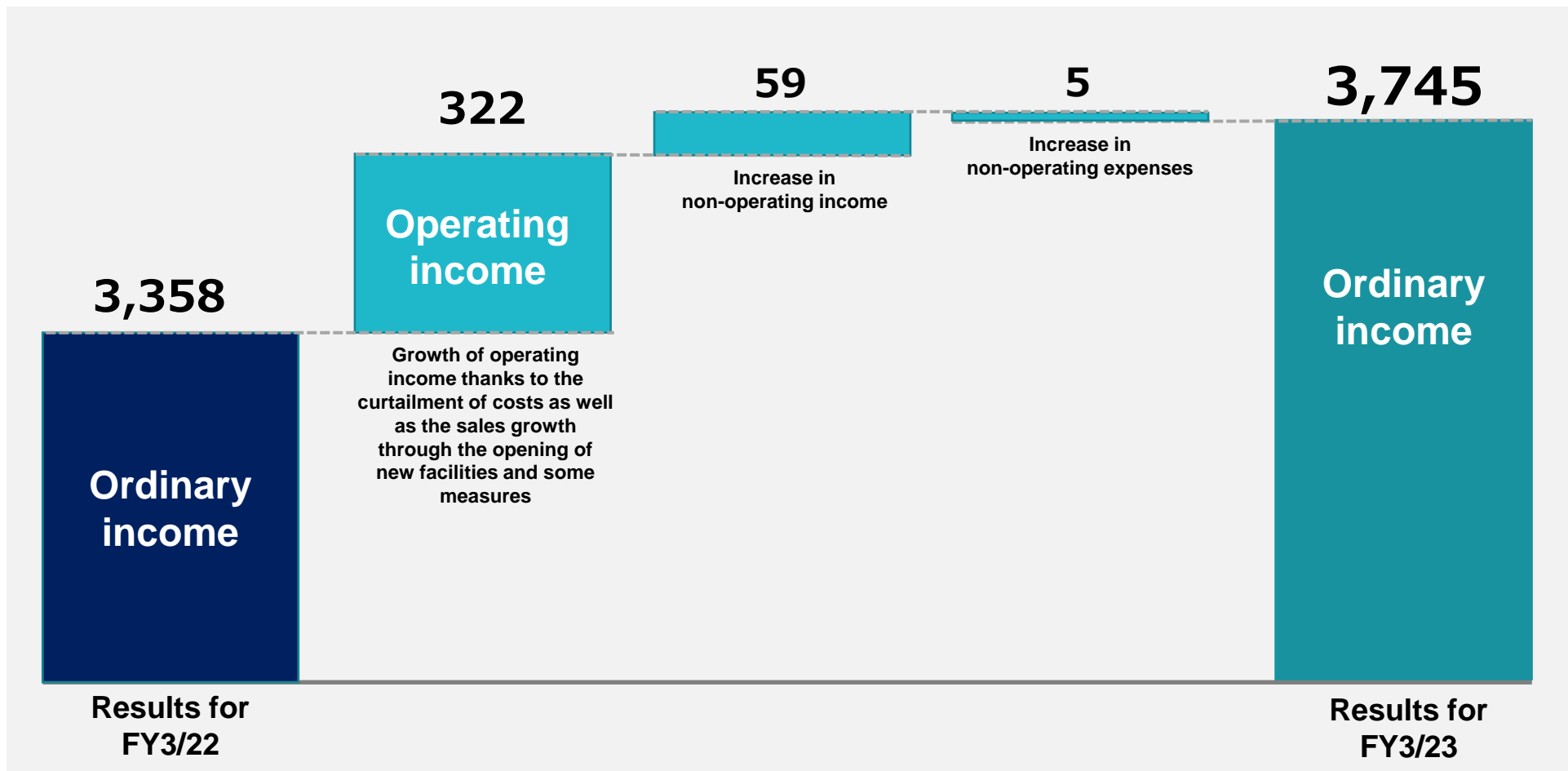


(Unit: million yen/Rounded down to the nearest million yen.)

# FY3/23 Factors for Changes in Ordinary Income

## Ordinary income

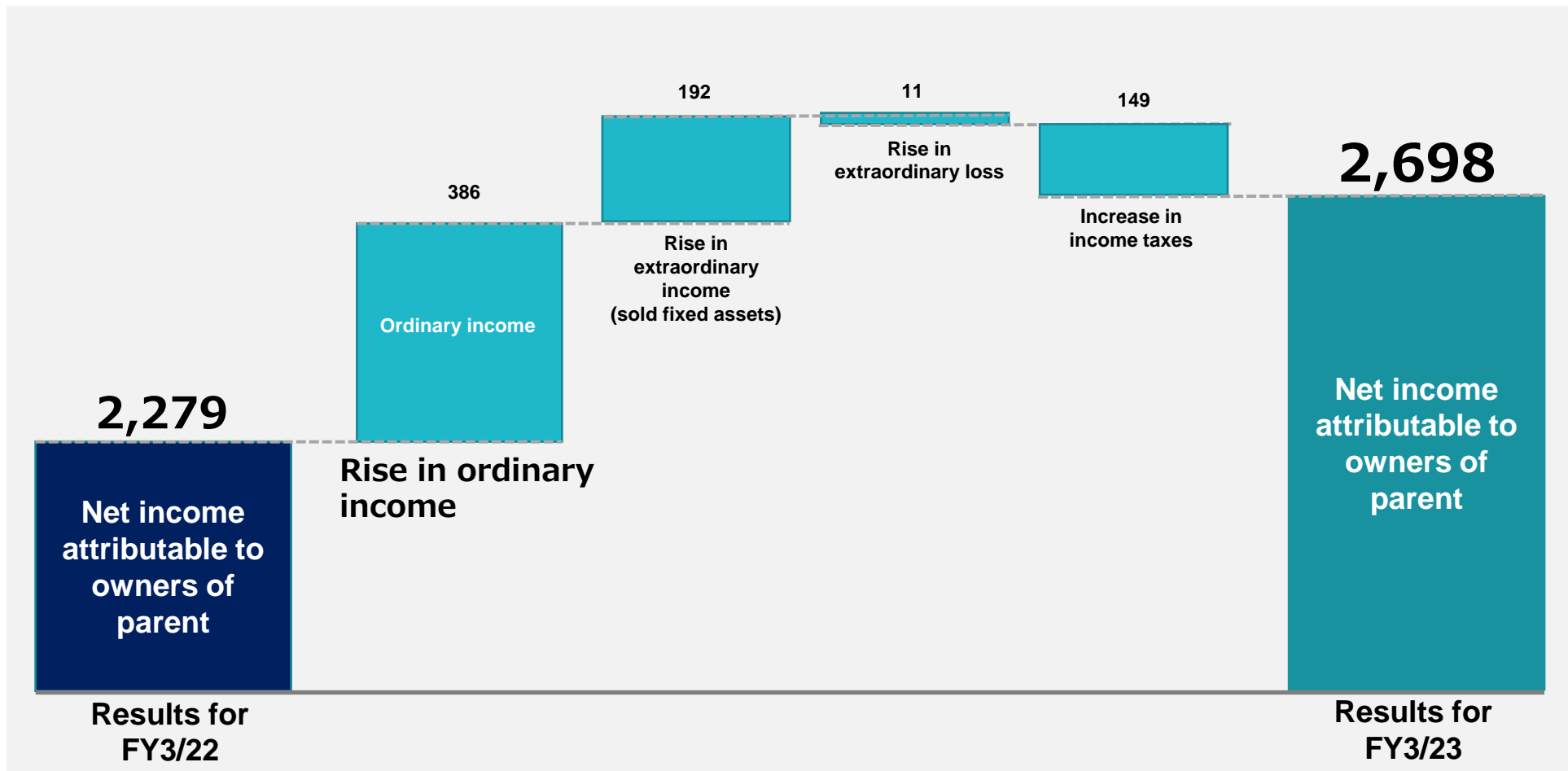
Along with the increase in net sales, efficient operations, cost reduction, and an absence of expenses due to special factors in the previous term, ordinary income grew year on year, hitting a record high.



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

**Net income attributable to owners of parent**

It grew year on year, hitting a record high. This was due to a significant increase in ordinary income, which was partly a result of the growth in sales and cost reduction measures resulting from the establishment of an efficient operating structure. There was also an absence in expenses due to special factors in the previous term. Furthermore, there was an increase in extraordinary income from the sale of fixed assets for the improvement in asset efficiency.



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

# FY3/23 Factors for Changes in Balance Sheet

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

## Financial condition

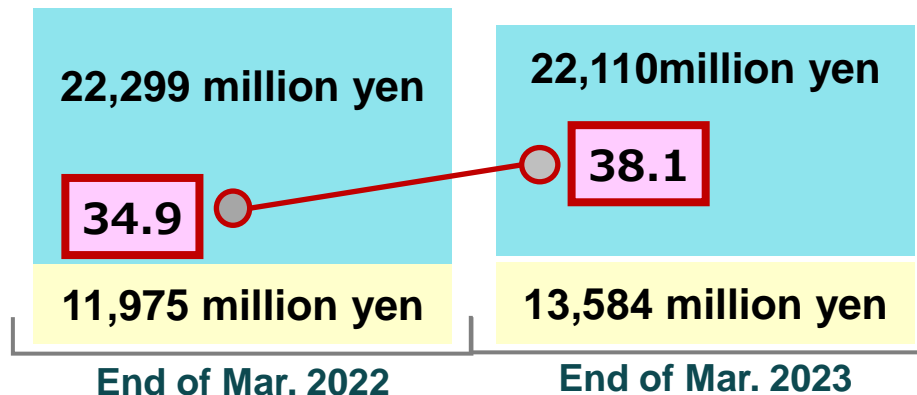
End of March 2023 \*( ) = Difference with the end of March 2022

<b>Assets</b>	<b>Liabilities</b>
35,694million yen (1,419million yen)	22,110million yen (-188million yen)
	<b>Net assets</b>
	13,584million yen (+1,608million yen)

million yen	End of Mar. 2022	End of Mar. 2022
Current assets	20,931	23,613
Fixed assets	13,343	12,081
<b>Total assets</b>	<b>34,274</b>	<b>35,694</b>
Current liabilities	7,891	8,294
Fixed liabilities	14,407	13,816
<b>Total liabilities</b>	<b>22,299</b>	<b>22,110</b>
<b>Total net assets</b>	<b>11,975</b>	<b>13,584</b>

## Liabilities, Net Assets, Shareholders Equity Ratio

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



Cash and deposits	19,330 million yen
Inventory assets	55 million yen
Accounts receivable-other	3,263 million yen
Buildings and structures	12,024million yen
<b>Current portion of long-term loans-payable</b>	<b>3,654 million yen</b>
Accounts payable	1,681 million yen
Income taxes payable	433 million yen
Long-term loans payable	12,226 million yen
<b>Retained earnings</b>	<b>11,422 million yen</b>
Accumulated other comprehensive income	-114 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 Balance Sheet

	End of Mar. 2022 (million yen)	End of Mar. 2023 (million yen)	Change (million yen)
<b>Total current assets</b>	20,931	<b>23,613</b>	<b>2,681</b>
(Cash and deposits)	17,296	<b>19,330</b>	<b>2,034</b>
(Accounts receivable-other)	2,708	<b>3,263</b>	<b>554</b>
<b>Total fixed assets</b>	13,343	<b>12,081</b>	<b>-1,261</b>
(Total tangible fixed assets)	5,734	<b>4,984</b>	<b>-749</b>
(Total intangible fixed assets)	174	<b>146</b>	<b>-28</b>
(Total investments and other assets)	7,434	<b>6,950</b>	<b>-483</b>
<b>Total assets</b>	34,274	<b>35,694</b>	<b>1,419</b>
<b>Total current liabilities</b>	7,891	<b>8,294</b>	<b>402</b>
(Current portion of long-term loans-payable)	3,113	<b>3,654</b>	<b>541</b>
(Accounts payable)	1,561	<b>1,681</b>	<b>119</b>
<b>Total fixed liabilities</b>	14,407	<b>13,816</b>	<b>-591</b>
(Long-term loans-payable)	12,816	<b>12,226</b>	<b>-590</b>
<b>Total liabilities</b>	22,299	<b>22,110</b>	<b>-188</b>
<b>Total net assets</b>	11,975	<b>13,584</b>	<b>1,608</b>
<b>Total liabilities and net assets</b>	34,274	<b>35,694</b>	<b>1,419</b>

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

# FY3/23 Statement of Cash Flows

Operating CF: An increase in pretax profit, an increase in accounts receivable, and an increase in income taxes or refunds.

Investing CF: Sale of tangible fixed assets and acquisition of tangible fixed assets for opening new facilities, etc.

Financing CF: Expenses related to the purchase of treasury stock.

Unit: million yen	FY3/23	FY3/23	Change
Cash flows from operating activities	3,884	2,735	-1,149
Cash flows from investing activities	413	411	-1
Free cash flow	4,297	3,146	-1,151
Cash flows from financing activities	1,978	-1,112	-3,091
Cash and cash equivalents at end of period	17,296	19,330	2,034

(Rounded down to the nearest million yen.)



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# FY3/23 Forecast

# Forecast for FY 3/23 (Difference)

Net sales fell below the forecast due to a decline in the number of children resulting from parents refraining from leaving their children at a nursery due to the COVID-19 pandemic. However, profits exceeded the revised forecast due to improved earnings at existing facilities and extraordinary income from the sale of fixed assets (land and buildings).

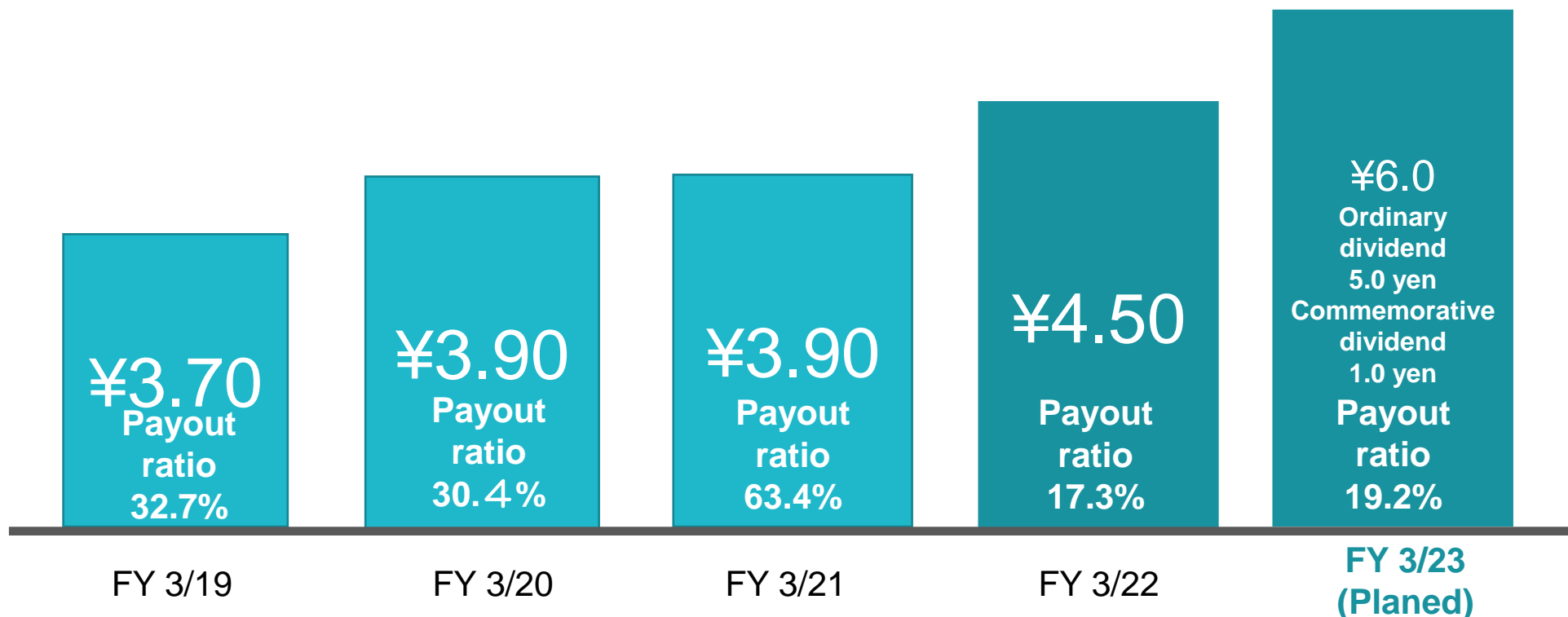
Unit: million yen	Results for FY3/22	Initial full-year forecast for FY3/23	Revised full-year forecast for FY3/23	Results for FY3/23	Change from the revised forecast	% change from the revised forecast
Net sales	34,373	35,640	35,640	35,507	-133	-0.4%
Operating income	3,344	3,560	3,633	3,667	34	0.9%
Ordinary income	3,358	3,580	3,711	3,745	34	0.9%
Net income attributable to owners of parent	2,279	2,325	2,566	2,698	132	5.1%
Net income per share (yen)	26.06	26.58	29.64	31.18	1.54	5.2%
Dividend per share (yen)	4.5	6.0	6.0	6.0	0	100%
Expected opening of nursery school (school)	3	2	2	2	0	100%
Expected consignment of school clubs and children's houses (facility)	8	11	11	13	2	18.2%

(Unit: million yen/ 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.
- FY 3/23, in light of the impact of COVID-19 and price hikes, and because we celebrated our 30<sup>th</sup> anniversary at the end of March 2022, we will pay an ordinary dividend of 5 yen and a commemorative dividend of 1 yen for the 30<sup>th</sup> anniversary of our founding, for a total of 6 yen.



\* The term-end dividend for FY 3/23 is the dividend per share approved at the 31th annual meeting of shareholders.

# 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

## on January 1, 2023

Children's House: 1

**Total: 15**

## No. of Facilities Operated as of the End of March 2023

Nursery Schools: 209  
School Clubs: 89  
Children's houses: 11

**Total: 309**

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:

#### 12 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

Saitama:

#### 1 children's house

- Soka City Matsubara Children Exchange Center "miraton"

### Operate 309 facilities as of the End of March 2023



#### 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: 5

#### 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, 11 children's houses**



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# 2

## Long-Term Management Vision/ Medium-term Management Plan





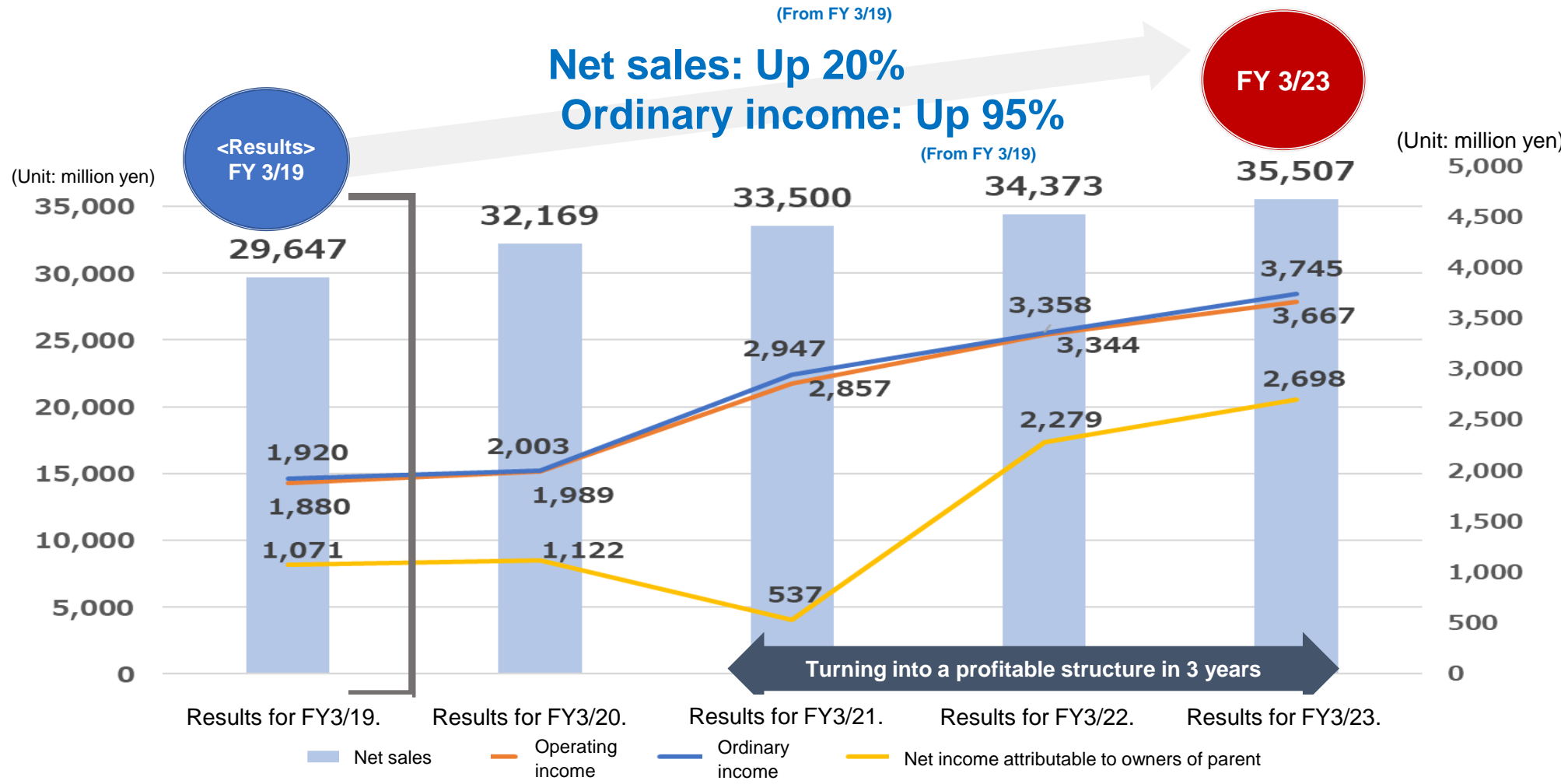
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# Review of the Medium-Term Management Plan

# Status of the Medium-Term Management Plan

## Significant profit improvement over the last 3 years

We will review the staffing at nursery schools and facilities, take steps to maximize subsidies, conduct systemization to improve operational efficiency, review operations and eliminate unnecessary tasks for realizing a compact head office, and significantly improve profitability through the restructuring of our group's operations.



**Profitability, business restructuring, operational efficiency, and growth strategies were achieved as planned.  
Stock price has risen thanks to measures such as the acquisition of treasury stocks.**

Item	Outline	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% or higher	○
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	<ol style="list-style-type: none"> <li>1. Improving profitability and efficiency <ul style="list-style-type: none"> <li>・Efficient personnel reshuffling, development of nursery schools and facilities that would be selected, and collaboration between nursery school and after-school programs</li> </ul> </li> <li>2. Improving growth potential (early childhood learning and development of new businesses) <ul style="list-style-type: none"> <li>・Promotion of new businesses (launch of “codomel”), and creation of new business structures</li> </ul> </li> <li>3. Improving soundness <ul style="list-style-type: none"> <li>・Measures to foster personnel and suppress turnover rate</li> </ul> </li> </ol>	△
Development of the management foundation	<ul style="list-style-type: none"> <li>● Strengthening of the business portfolio (new and existing businesses)</li> <li>● Education of personnel and the entrenchment of a new HR system</li> <li>● Systemization (sophistication of business administration and streamlining of business operations)</li> <li>● Tightening of the governance system</li> <li>● Strengthening of development functions</li> <li>● Improvement of revenues (existing business, review of operations, cooperation between organizations)</li> </ul>	△ (Systematization) (Cooperation between organizations)



Efforts	<ol style="list-style-type: none"> <li>1. Segregation and systematization of head-office and on-site tasks for streamlining business operations further</li> <li>2. Early realization of growth strategies and promotion of new business development (establishing the second source of revenue)</li> <li>3. Personnel data utilization and establishment of education systems to suppress turnover rate</li> </ol>
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# Specific Measures and Outcomes for FY 3/23

Key Measures	Summary of Measures
Developing nursery schools and facilities that would be selected	<ul style="list-style-type: none"> <li>•Increase in the number of visitors by digitally supporting nursery schools tours and applications</li> <li>•To strengthen information dissemination through the use of each nursery school’s website, and implement collaborative events through the use of online services</li> <li>•Expansion of learning programs (swimming, karate, soccer, etc.) in collaboration with nearby schools</li> <li>•To increase the number of children accepted and differentiate the facilities from competitors by expanding the early childhood learning programs</li> </ul>
To improve profitability of childcare support facilities	<ul style="list-style-type: none"> <li>•Improvement of the profitability of each facility through optimization of personnel allocation</li> <li>•Expansion of new contracts for school clubs and children’s houses based on the dominance strategy</li> <li>•Expansion of online training programs to improve the quality of childcare services</li> </ul>
Streamlining of operations (Compact head office)	<ul style="list-style-type: none"> <li>•Reduction of workload at facilities and headquarters through the adoption of a system</li> <li>•Group integration to improve business efficiency within the group (integrating 3 companies into 1)</li> <li>•Actions to improve the system infrastructure to streamline business operations and achieve sophistication</li> </ul>
Responding to the needs of parents (New business)	<ul style="list-style-type: none"> <li>•Promoting product development to utilize pre-cooked ingredients and sell dinner meals, and conducting test marketing in facilities</li> <li>•Preparation for “bag-less” childcare, including diaper subscription services and set sales of educational goods and daily necessities</li> <li>•Developing new learning programs (facilities specializing in English/STEAMS-based childcare and after-school programs)</li> </ul>
Expansion of development support business (New business)	<ul style="list-style-type: none"> <li>•Expansion of developmental support visits to children in need of assistance and its database management (considering collaboration with other companies)</li> <li>•Concept and area selection for the opening of a multifunctional facility (to be promoted after government policy are decided)</li> </ul>
Child-rearing assistance platform “codomel”	<ul style="list-style-type: none"> <li>•Received the grand prize in the Parental Support Services category of the “BabyTech® Awards 2022” for attaining SDGs</li> <li>•Development and verification for the expansion of dinner sales and service functions</li> </ul>

**While profitability of existing businesses has significantly improved, there remains a challenge in expanding growth strategies other than subsidies.**





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# Long-Term Management Vision

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

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

**Early monetization of new business and achievement of an operating income margin of 11% or over**

(To reform the management structure and implement growth strategies in the 3 years from FY3/24 to FY3/26)

**3<sup>rd</sup> year of the medium-term management plan (final fiscal year)**  
**For FY3/26, we aim to achieve net sales of 38,340 million yen and an operating income of 4,330 million yen.**

# Actions to Achieve Consolidated Net Sales of 100 Billion Yen

To become a leading platform provider for childcare support services in Japan

## Long-Term Management Vision

**Aiming to develop “nursery schools and facilities that would be selected”**

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

**Target consolidated sales: 100 billion yen**

### Existing business: 50 billion yen

- Collaboration between nursery schools, school clubs, and children’s houses (dominant strategy)
- Expansion of development support services (multifunctional facilities)
- Expansion of early childhood learning programs and bilingual nurseries

### New business & M&A: 50 billion yen

- Expansion of child-rearing assistance platform business
- Overseas business mainly in Asia
- Aggressive promotion of M&A and business alliances
- Responding to social issues (corporate alliances)

## Medium-Term Management Plan

**Structural reform, business innovation and creation of new services and value**

1. Realizing growth and competitive advantage (Creation of new businesses and differentiation strategy for existing businesses)
2. Reforming the revenue structure (Management efficiency improvement, cost reduction, reform of existing businesses)
3. Reforming the management foundation (Promoting personnel development, revitalizing corporate culture, enhancing management and administration, and improving the environment)

### (1) Expansion of external sales through partnership

#### 1. Promotion of M&A

-To actively pursue M&A opportunities in the childcare support business with other companies in the same industry, to capture the largest share in the business.

#### 2. To acquire and utilize social welfare corporations

-Establish a corporation to promote social welfare partnerships in order to acquire and utilize social welfare corporations, which account for approximately 70% of all nursery school operations.

-We will promote the improvement of the quality of childcare services, the development of child-rearing environments, and regional cooperation by responding to succession issues and providing our proprietary know-how.

#### 3. To develop overseas business mainly in Asia

-Child-rearing assistance platform, our unique early childhood learning program, consulting on nutrition management, new business development utilizing e-commerce.

### (2) Business expansion through self-help efforts

#### 1. Consistent childcare and nurturing system through collaboration between nursery schools and school clubs

-To double the number of school clubs to 200 (expansion of new contracts)

-Establishment of nursery schools in focused areas

#### 2. Measures to develop nursery schools and facilities that would be selected

-Expansion of learning programs, bilingual nursery schools, STEAMS-based childcare and after-school programs

Expansion of developmental support (multifunctional facilities), and digitalization of programs

#### 3. To develop new businesses

-To expand services and functions of the child-rearing assistance platform, and operate food business

New business development in collaboration and partnership with other industries

### (3) Solving social problems through alliances with other companies

#### 1. Solving issues such as poverty among children, truancy, abuse, etc.

#### 2. Integrated education system (integrated elementary and junior high schools)

(Net Sales)  
Unit: Billion yen

1,000

New  
businesses

500

Existing  
businesses



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# Review of the Medium-term Management Plan (FY 3/24 to FY 3/26) via a Rolling Method

## Concerns about increased costs due to intensifying competition and rising raw material and resource prices

### Economic Environment

**[Overall]**

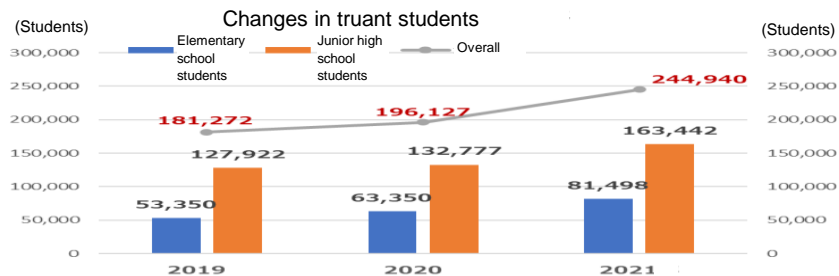
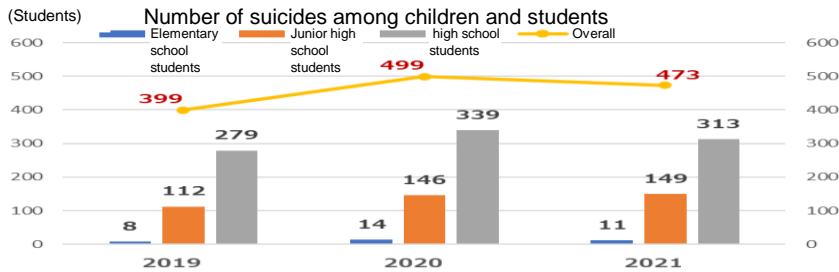
- Against the backdrop of the economic activity returning to normal, there is a recovery trend centered on domestic demand.
- From FY 3/23 onwards, a growth rate of around 1% is expected to be maintained, mainly driven by domestic demand.

**[Negative factors]**

- Rising prices due to the impact of resource prices and a weaker yen.
- Labor shortages and rising wages.
- The Bank of Japan's expected cancellation of its current long-term and short-term interest rate operations.

### Environment Surrounding Children

- Suicides are becoming more common among young people. Suicide is the leading cause of death among teenagers.
- The age of children refusing to attend school is decreasing. The number of children refusing to attend school has reached a record high.



Source: "Suicide Statistics," the Ministry of Health, Labour and Welfare  
 "2021 Survey on Student Guidance Issues, including Student Problems and School Nonattendance," the Ministry of Education, Culture, Sports, Science and Technology

### Environment Surrounding Childcare Support Business

**[Negative factors]**

- Decrease in the number of children on waiting lists and acceleration of the birthrate decline due to changes in the social environment
- Competition for childcare facilities is intensifying in some areas.

**[Positive factors]**

**•Establishment of the Agency for Children and Families in April 2023**

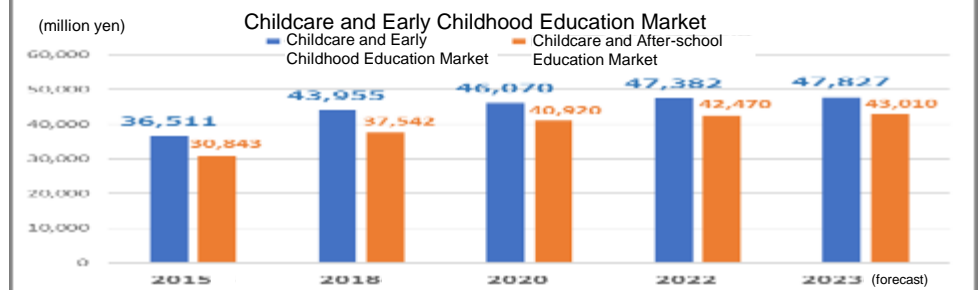
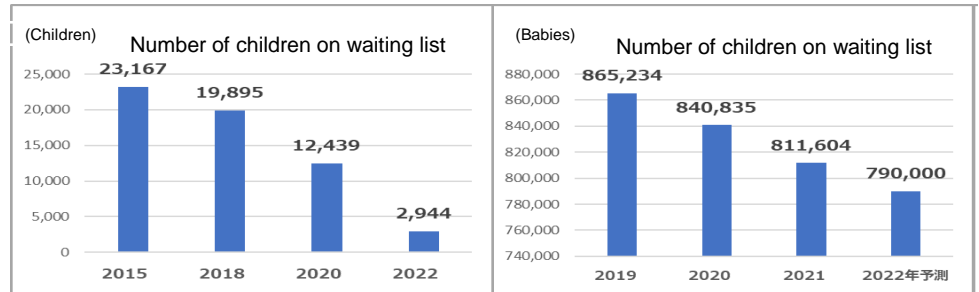
Doubling of budget for childcare, improvement of compensation for childcare workers, measures to cope with declining birthrate, etc.

**•Extraordinary measures by the government to address the declining birthrate**

Strengthening of economic support centered on child allowances, subsidies, and regulatory reforms

Strengthening of early childhood education and childcare services

Promotion of work-style reforms and expansion of related systems (maternity and childcare leave)



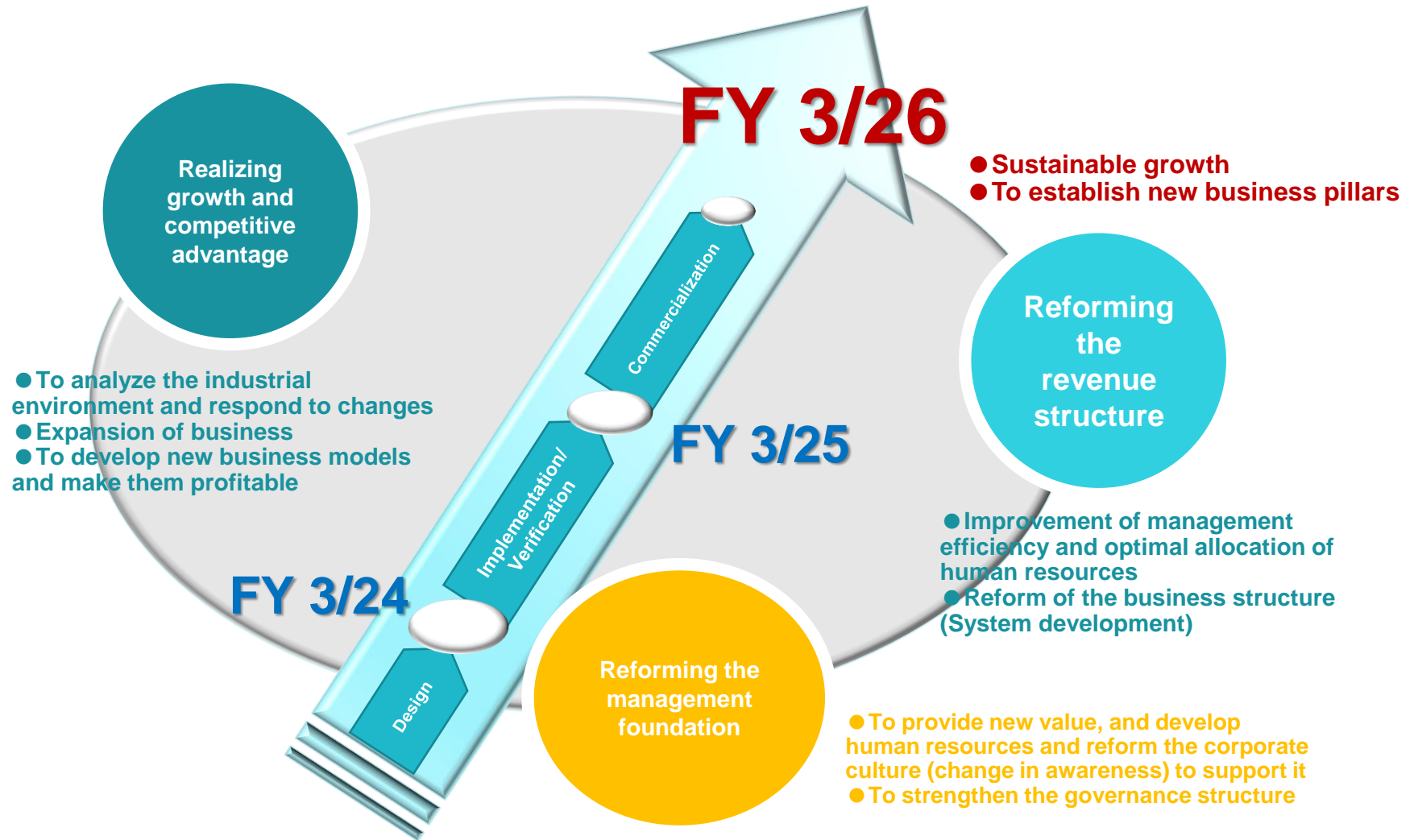
Source: "Childcare and Early Childhood Education Market Status and Outlook 2023," Yano Research Institute Ltd.

## Structural reform, business innovation and creation of new services and value

We will actively develop new business for growth, engage in M&A and promote development of infrastructure such as systems through **structural reform and business innovation**. Furthermore, we will establish a solid business foundation to create new services and value and establish a competitive advantage. Through these efforts, we will address parents' needs and concerns as well as social issues through our operations to achieve sustainable growth.

<b>Three Basic Management Policies</b>	<b>1</b>	<b>Realizing growth and competitive advantage</b>
	<b>2</b>	<b>Reforming the revenue structure</b>
	<b>3</b>	<b>Reforming the management foundation</b>

## Creation of new services and value



# Target Indicators in Medium-term Management Plan

**Management  
goal**

**Structural reform, business innovation and  
creation of new services and value**

**Business goals for  
FY 3/26**

**Achieving an operating income margin of 11% or over and a turnover  
rate of 10% or lower.  
Monetizing new business**

**Priority  
measures**

1. Realizing growth and competitive advantage  
(Creation of new businesses and differentiation strategy for existing businesses)
2. Reforming the revenue structure  
(Management efficiency improvement, cost reduction, reform of existing businesses)
3. Reforming the management foundation  
(Promoting personnel development, revitalizing corporate culture, enhancing management and administration, and improving the environment)

**Management  
policy  
Challenges**

**Reforming the structure of existing facilities, optimizing and systematizing head office personnel  
Improving quality through personnel development and controlling turnover rate  
Expanding business scale through the creation of new businesses and M&A**

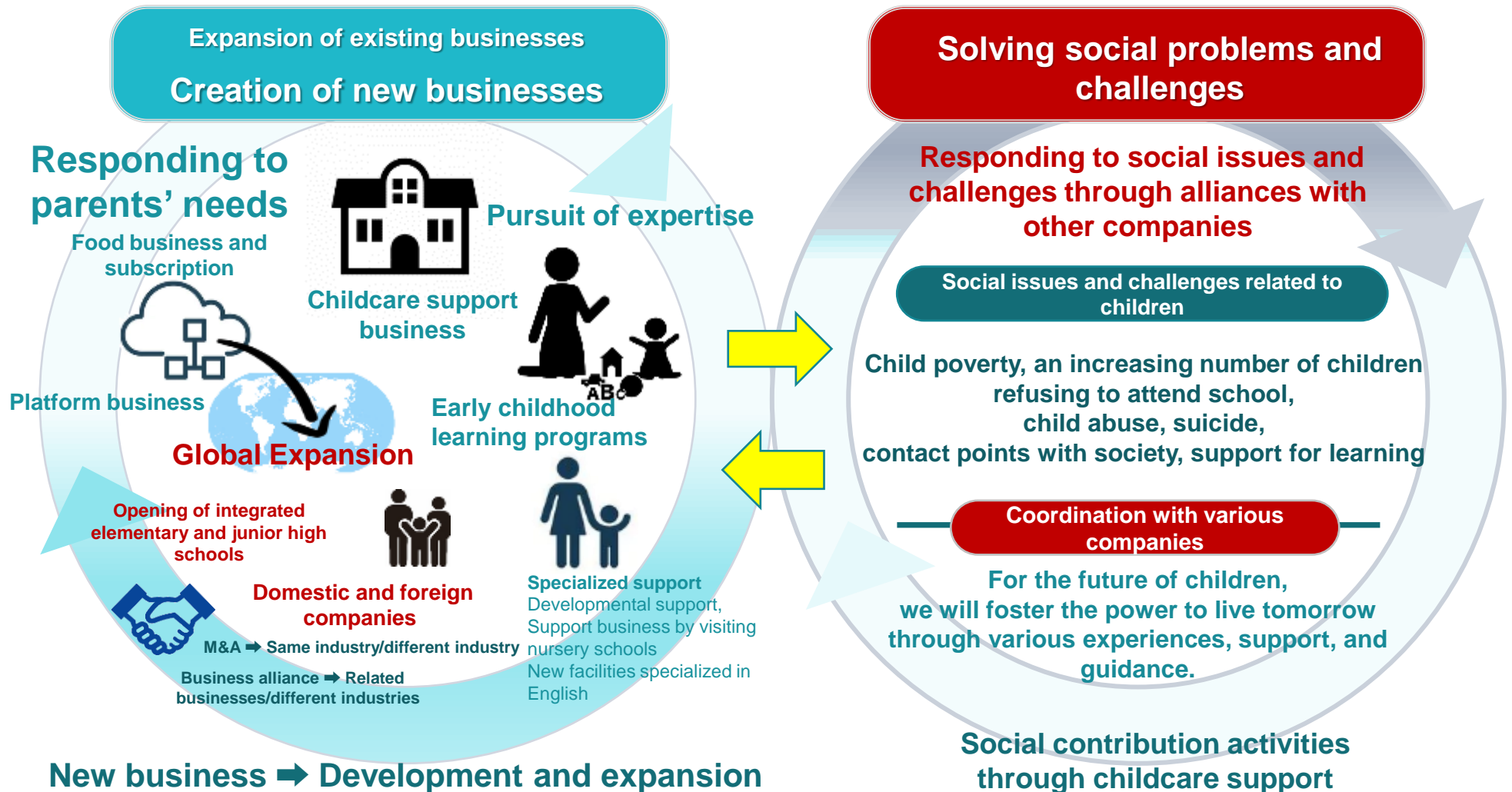
- Development of nursery schools and facilities that would be selected
- Reforming the structure of existing businesses
- Strengthening and streamlining the management foundation
- Promoting growth strategies



# Management Policy in the Medium-term Management Plan

Expansion of existing businesses, pursuit of expertise, development of new businesses, M&A, and global expansion

**Solving social problems and challenges facing children through alliances with other companies**



## Basic Management Policy

Realizing growth  
and competitive  
advantage

Reforming the  
revenue structure

Reforming the  
management  
foundation

## Priority Measures

### Expansion, differentiation, and competitive advantage in existing business areas:

- 1) Paid programs and external sales of enhanced English, gymnastics, eurhythmics, and dance programs.
- 2) Lesson business utilizing extracurricular hours.
- 3) Operation of new learning programs, such as STEAMS-based childcare and after-school programs, and bilingual nurseries
- 4) “Nursery Anywhere” program in which the Tokyo metropolitan area and regional nursery schools collaborate to offer nursery schools experience and temporary care.
- 5) Regional collaboration to improve the child-rearing environment through the “My Nursery School System.”
- 6) Business expansion from licensed nurseries to accredited kindergarten.

### Development and monetization of new businesses:

- 1) Child-rearing assistance platform “codomel” (sales to parents/employees and BtoB sales).
- 2) Food business (sales to parents and “Kids’ Restaurant” serving dinner at nursery schools).
- 3) Development and consideration of new business areas (dispatch business, integrated elementary and junior high schools, social welfare corporations, and others).

### Active promotion of M&A:

- 1) Childcare-related companies for the childcare support business, etc.
- 2) New business areas

### Streamlining management and reducing costs:

Systematization, optimizing personnel allotment, strengthening financial management, and thorough expense control.

Measures based on data analysis, elimination of unnecessary tasks, and promotion of compact head office.

### Strengthening the revenue base:

Maximizing subsidies, optimizing personnel allotment, and increasing new contracts.

### Developing human resources and revitalizing corporate culture:

Enriching training as a foundation for human resources development and revitalizing corporate culture through a change in mindset.

### Enhancing management and administration:

Tightening governance, adopting a hands-on operation system, and thoroughly managing risks.

### Improving the environment:

Food loss measures, reducing CO<sub>2</sub> emissions through power-saving measures, and engaging in social contribution activities.

# Medium-term Management Plan (FY 3/24-FY 3/26)

- To develop a three-year plan from FY 3/24 to FY 3/26, while considering changes in the market environment and recent business trends.
- To reform the structure of childcare support business, such as nursery school service fees, and strive to monetize new businesses.
- The decrease in ordinary income in FY 3/24 compared to the initial plan is due to investments in systems and new businesses.

Unit: million yen	Results			Results			Forecast	
	FY3/22			FY3/23			FY3/24	
	Results	Y/y	Compared to forecast	Results	Y/y	Compared to forecast	Forecast	Y/y
Net sales	34,373	2.6%	1.4%	35,507	3.3%	-0.4%	36,300	2.2%
Operating income	3,344	17.1%	22.5%	3,667	9.6%	0.9%		
Operating income margin	9.7%	1.2%	1.6%	10.3%	0.6%	0.1%		
Ordinary income	3,358	13.9%	21.7%	3,745	11.5%	0.9%	3,960	5.7%
Extraordinary income	9.8%	1.0%	1.6%	10.5%	0.8%	0.1%	10.9%	0.4%
Net income	2,279	324.1%	29.5%	2,698	18.4%	5.1%		
Net income margin	6.6%	5.0%	1.4%	7.6%	1.0%	0.4%		



Unit: million yen	Medium-term Management Plan					
	FY3/24		FY3/25		FY3/26	
	Forecast	Y/y	Target	Y/y	Target	Y/y
Net sales	36,390	2.5%	37,220	2.3%	38,340	3.0%
Operating income	3,820	4.2%	4,100	7.3%	4,330	5.6%
Operating income margin	10.5%	0.2%	11.0%	0.5%	11.3%	0.3%
Ordinary income	3,842	2.6%				
Extraordinary income	10.6%	0.1%				
Net income	2,497	7.5%				
Net income margin	6.9%	-0.7%				

\*1: "Rate of change compared to the previous term" and "Rate of change compared to the plan" of operating income margin, ordinary income margin, and net income margin attributable to owners of parent indicate differences.

\*2: Rounded down to the nearest million yen.

# Management Strategy Map

## Provision of services and products

### Existing businesses

### New businesses

#### Penetration in markets

- Increase of enrolled children and improvement in profitability at each facility
- Revising English, gymnastics, and eurhythmics programs (fee-charging)
- Early childhood learning and new programs (differentiation)
- Lesson business utilizing extracurricular hours
- Sale of educational goods and paid trash disposal services

2

#### Development of products and businesses

- External sale of existing businesses
- Development of new programs and products
- Food business (addressing issues faced by parents)
- \* Sales promotion utilizing the childcare support platform

Enhancement of business development

Strengthening profit improvement

1

#### Cultivation of new markets

- New childcare business with digital technologies  
⇒ Online childcare and digitalization of early childhood learning programs
- Establishing a new bilingual nursery
- Implementing our unique STEAMS-based childcare and after-school programs

#### Development support business (multifunctional facilities)

- ⇒ After-school day care
- ⇒ Child development support business and support business by visiting nursery schools

To extend our existing businesses, and offer these services early

3

#### Diversification in a narrow sense and solving social issues

- Child-rearing assistance platform business  
⇒ Cooperation in different fields and business for increasing clients
- Creation of new businesses  
⇒ Business as a new pillar
- Corporate alliances to solve social problems
- Expansion of education business (integrated elementary and junior high schools)

Collaboration and partnerships with other industries

Provision in the market

Existing businesses

New businesses



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# Priority Measures for FY3/24

## Improvement of profitability and early monetization of new businesses through structural reforms and business confirmation

**Structural reform, business innovation, competitive advantage, and new business creation**

**Existing business domain**

**New business domain**

**Profitability improvement**

**Sales growth**

### Enhance and extend (superiority)

**In mature markets, we will evolve the business model and improve the value we offer. (Measures to expand earnings of related businesses)**

#### [Expansion of existing business earnings]

- Reallocation of personnel to maximize subsidies
- Expansion of commissioned projects for school clubs and children's houses  
(Cooperation with nursery schools = dominance strategy)
- Measures for the increase of the number of children accepted
  - 1) My Nursery School System through regional cooperation
  - 2) Implementation of early childhood learning programs at all nursery schools

#### [Expansion of related businesses]

- Monetization of cast (English, gymnastics, and eurhythmic) programs
  - 1) Charging for existing programs (program revision)
  - 2) Implementation of lesson programs utilizing extracurricular hours
- Fee-charging for nursery equipment and supplies  
Diaper disposal and learning equipment sets

### Change (structural reform)

**•Improve operational efficiency and establish an independent organizational structure through business restructuring**

#### [Revenue structure reform]

- Management efficiency improvement and cost reduction
  - 1) Separation of on-site and headquarter operations to streamline operations and realize a compact head office
  - 2) Systematization and data analysis
  - 3) Optimization of personnel allocation

#### [Management infrastructure reform]

- Development of human resources and revitalization of corporate culture
- Keeping turnover rate below 10%
- Evaluation linked to personnel system and human resources development  
(Evaluation based on KPI setting)
- Efficiency improvement through optimization of personnel and systematization

### Create (growth potential)

**•Develop new business areas for sustainable growth  
•Promote M&A as a strategic investment**

#### [New business]

- Monetization of the child-rearing assistance platform
  - 1) Sale of products to employees and guardians
  - 2) Sale of childcare-related products to other companies in the same industry
  - 3) Operation of food business
- Kids' Restaurant and temporary childcare services in cooperation with local communities

#### [New business] (Research and establishment)

- New business operation
  - 1) Global operation  
Child-rearing assistance platform and personnel education
  - 2) Integrated elementary and junior high schools
  - 3) M&A involving other companies in the same industry

**Realizing growth and competitive advantage**

**Reforming the revenue structure**

**Reforming the management foundation**

To secure competitive advantages through parent-oriented response and enrichment of early childhood learning programs

## 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

**FY3/23**  
New contracts for undertaking the operation of 12 schools clubs

## Response from parents’ perspective



## Initiatives for establishing nursery schools and school clubs for STEAMS

•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.



## Expansion of learning programs

Extracurricular early childhood learning programs



Mojikazu Land (learning program)  
English, gymnastics, eurhythmics & dance programs  
Lesson business in collaboration with other companies (swimming, soccer, etc.)

[Promotion of early childhood learning and new programs]

•Promote lesson business for each individual child utilizing extracurricular hours or collaboration with other companies  
•By utilizing extracurricular hours to offer lessons on weekdays, children can spend more time with their parents on holidays and alleviate their burden.

## Expansion of English, gymnastics, eurhythmics, and dance programs

### English



Get familiar with English through a program taught by a native English speaker.

### Eurhythmics



Feel music with the whole body and learn the musical elements.

### Gymnastics



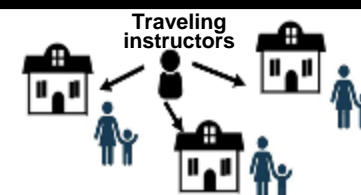
Learn about both physical and mental movements through sports.

### Dance



Acquire dance skills gradually from the basics.

## Support business by visiting nursery schools

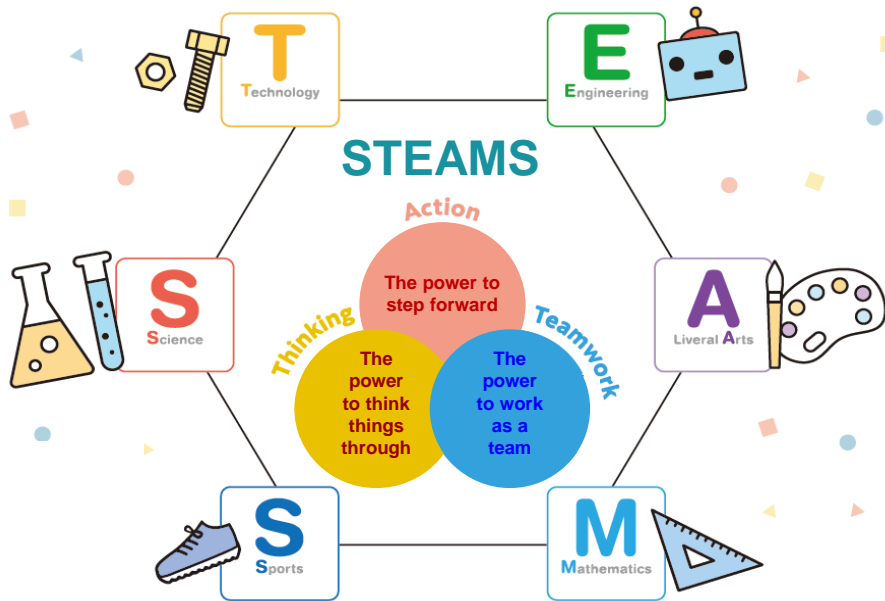


(1) Support business by visiting nursery schools

▷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

To introduce our original “STEAMS” program to nursery schools and school clubs

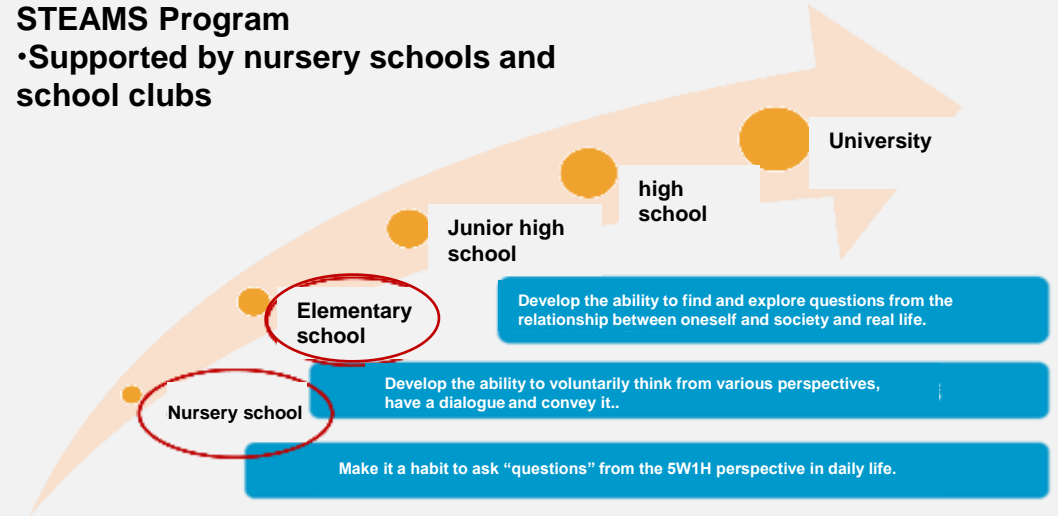


[Overview of STEAMS program - Practical learning through problem solving]

- “STEM education” is an educational method that originated in the U.S. in the 2000s with the aim of fostering IT talent. It stands for **S**cience, **T**echnology, **E**ngineering, and **M**athematics.
- “STEAM education” combined with liberal **arts** is promoted by the Ministry of Education, Culture, Sports, Science and Technology as a problem-solving learning method for real-world challenges, with a focus on cultivating interdisciplinary talent.
- Our company incorporates **sports**, which are essential for the healthy development of infants, toddlers, and school-age children, into STEAM education. We adopted the “**STEAMS Program**” in April, which promotes collaborative problem-solving and inquiry-based learning in a fun and engaging way, allowing children to expand their interests and curiosity while moving their bodies.

Development with a forward-looking, comprehensive perspective in a continuous manner

**STEAMS Program**  
 •Supported by nursery schools and school clubs



Specific programs (examples): **Realization, curiosity, and interest**  
 Let’s try flying a kite! What kite flies the highest?





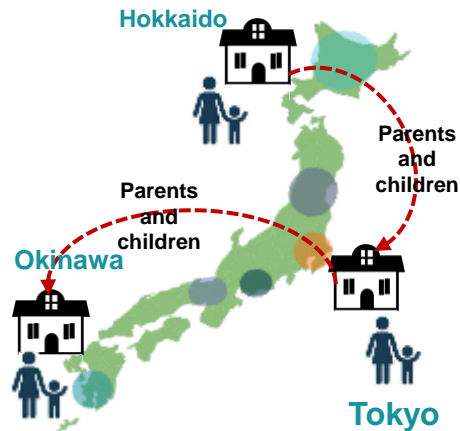
## Collaboration with local communities utilizing temporary childcare services Measures for regional revitalization

### Nursery Anywhere

- To utilize the temporary childcare system to enable parents and children to temporarily relocate to our company's nursery schools in various regions.
- Course to experience the local culture, food, and customs unique to each region.
- Implementation of “Nursery Anywhere” where parents and children can stay in the region for two weeks to experience the local culture and customs.

Examples: From Tokyo to Hokkaido/From Hokkaido to Tokyo/From Tokyo to Okinawa

To utilize our company's nursery locations from Hokkaido to Okinawa



Experience at our company's nursery schools



Arrangement of housing

### [Regional Revitalization] Nursery Anywhere

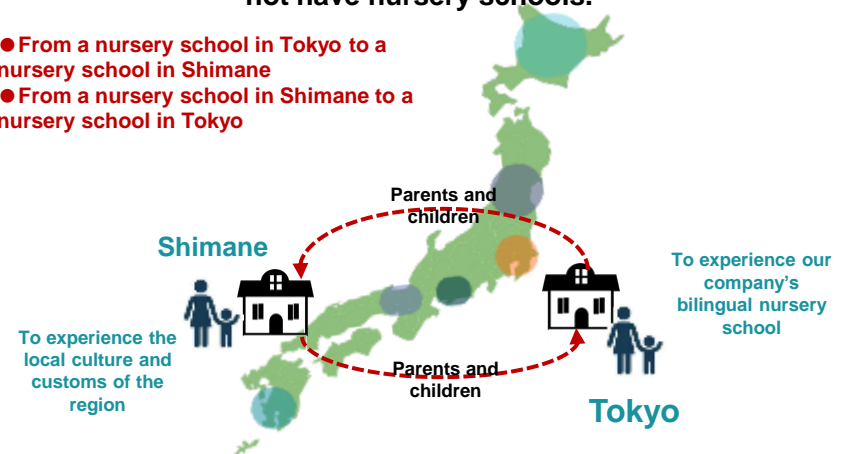
“Nursery Anywhere” through collaboration with local governments in each region

- As part of regional revitalization, we will collaborate with local governments and local nursery schools to implement “Nursery Anywhere” program.
- Parents and children can experience the local culture and customs of each region.
- Our company will provide learning programs at bilingual nurseries that specialize in English education.

### Discovering the future potential of children

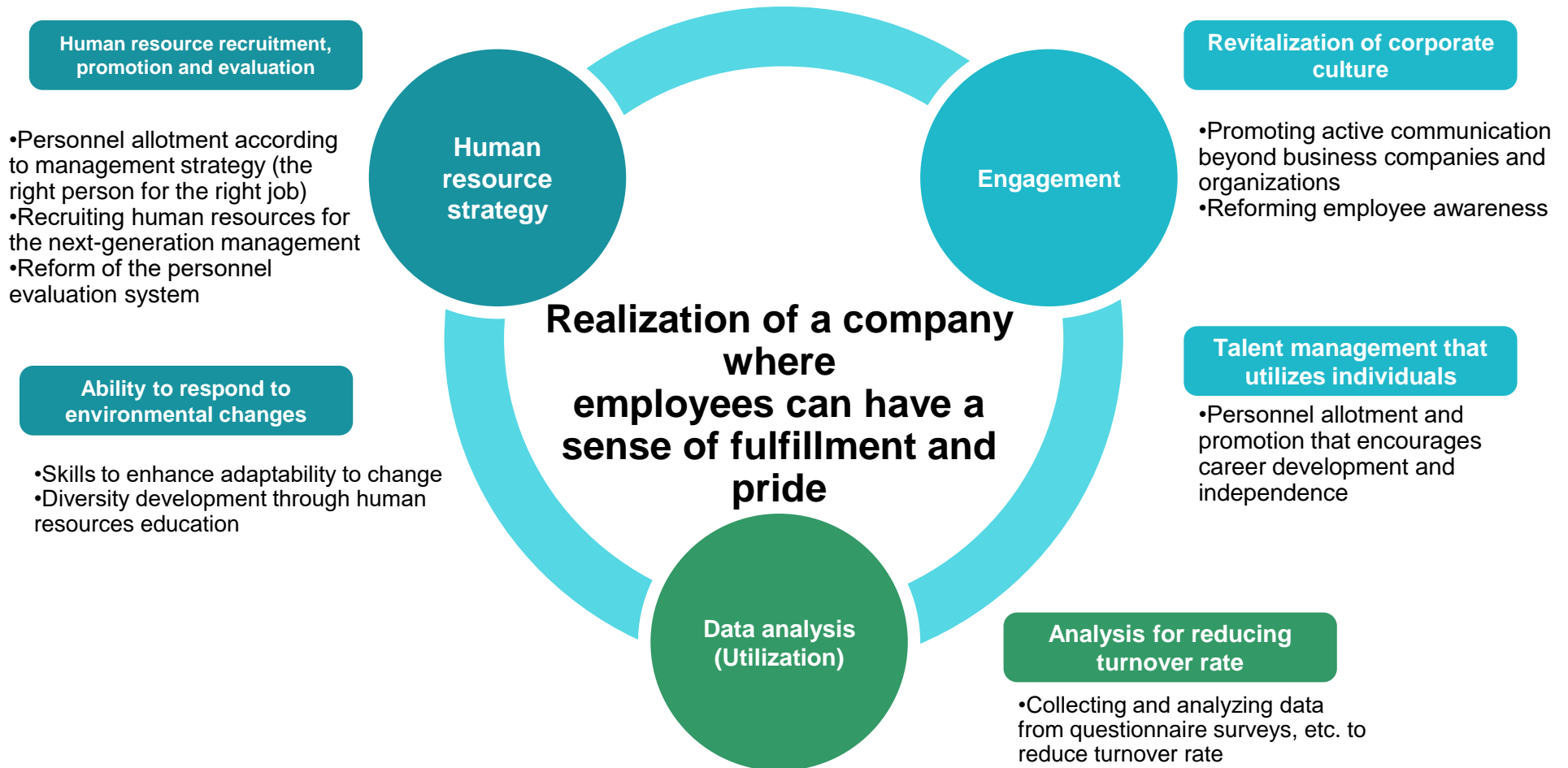
“Nursery Anywhere” for areas where our company does not have nursery schools.

- From a nursery school in Tokyo to a nursery school in Shimane
- From a nursery school in Shimane to a nursery school in Tokyo

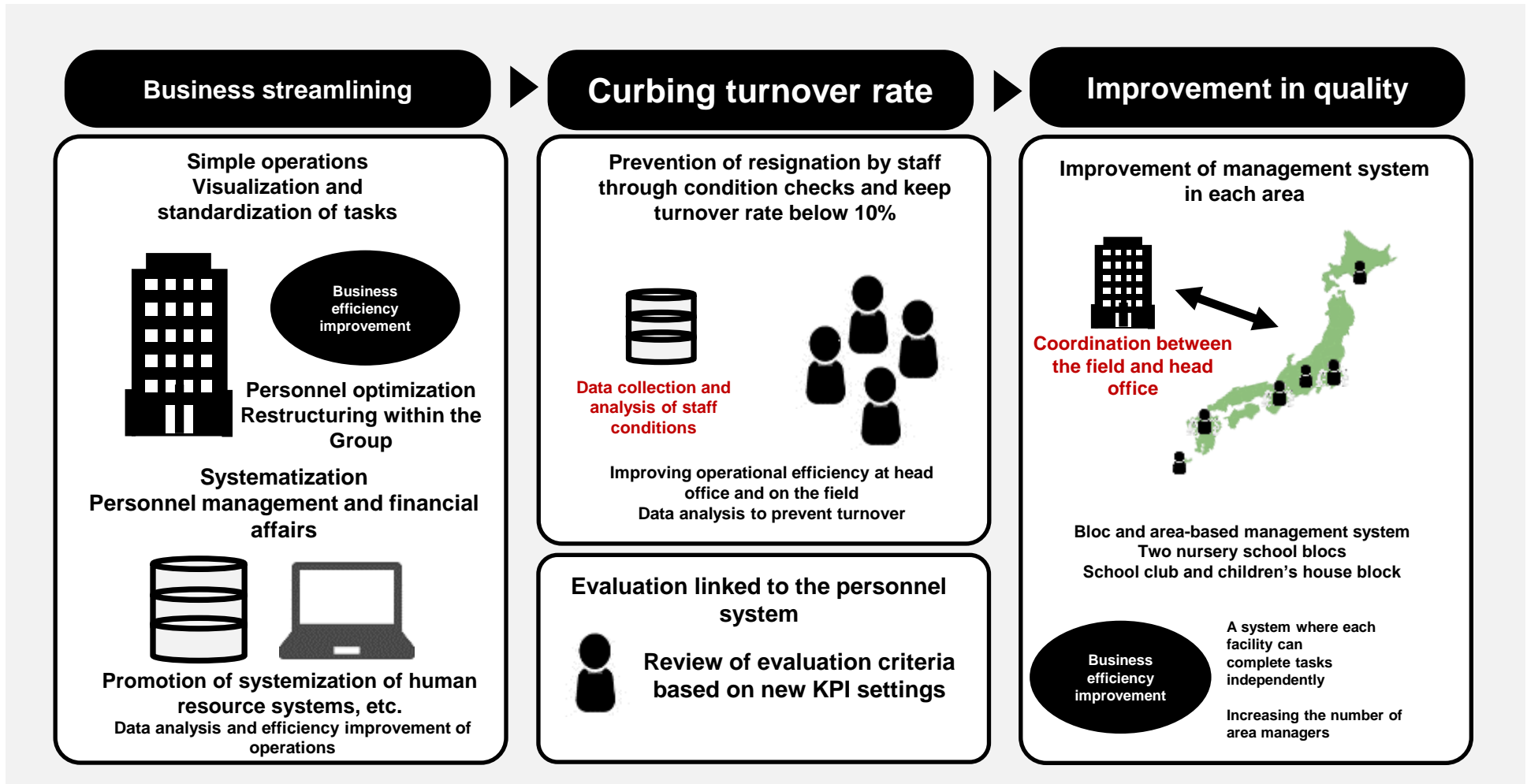


## To maximize the value of human capital

We aim to maximize the value of human capital by utilizing exuberant personnel and realizing organizations so that diverse talents take on responsibilities proactively with a sense of fulfillment and pride to create new value through interaction.

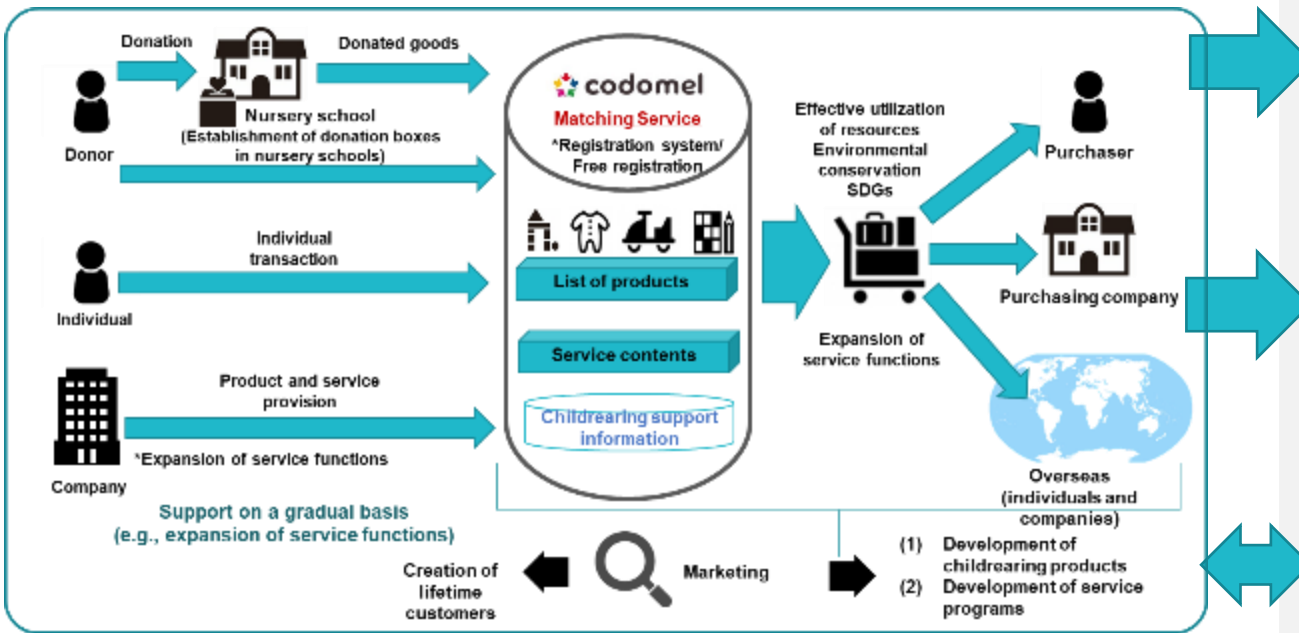


Realization of a compact head office through the elimination of unnecessary tasks through structural reform, work efficiency improvement through systematization, and staff optimization through advanced measures



To strengthen the measures for early monetization of new businesses and development of new businesses

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



#### Sales of products targeting parents

- (1) To sell various items including those related to childcare (Educational goods, daily necessities, cosmetics, etc.)

#### Sales of products targeting employees

- (2) Daily necessities, cosmetics, clothing, etc.

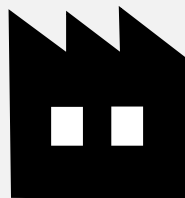
#### Development of related businesses

- (1) Staffing business  
Staffing to various industries including nursery teachers  
Personnel staffing utilizing codomel
- (2) Real estate business (property brokerage, etc.)  
In-house operation of rental of housing for nursery teachers and property introduction

#### Global business

- (1) Cross-border e-commerce utilizing codomel  
Selling products mainly in Asia
- (2) Business development utilizing human resources  
Human resource development in collaboration with overseas companies (Japanese language schools, etc.)  
Accepting people from abroad in Japan
- (3) Business utilizing childcare support know-how  
Consulting, etc.

### Food business (Phase 1: Retort pouch foods → Phase 2: Frozen foods)



1. Product development based on menus
2. Selection of ingredients
3. Preparation/Cooking
4. Retort-pouch/Frozen foods



codomel



Sale of retort-pouch foods  
Kids' Restaurant

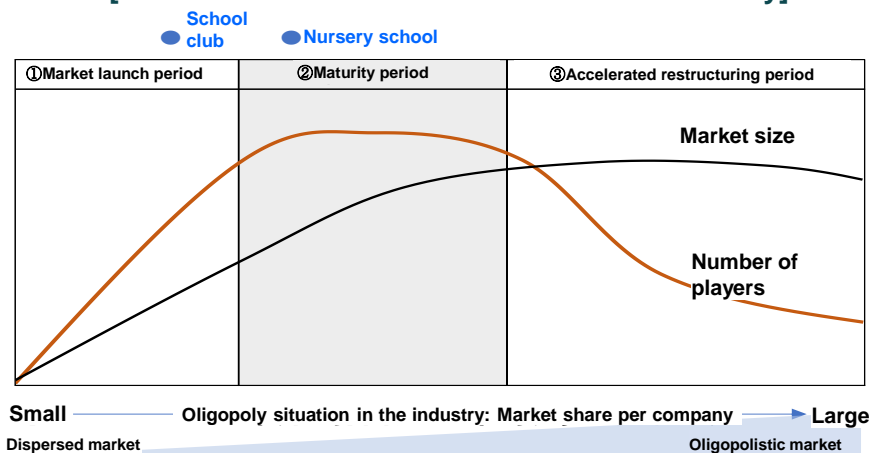
Active M&A and business alliances/Expansion of investment to develop new businesses

Business scale expansion (growth strategy)

Active promotion of M&A and business alliances (expanding business scale)

- Companies in the same industry (childcare support businesses such as nursery school business operators)
- Companies related to childcare peripheral businesses

[Scenarios envisioned for the childcare industry]



[Expanding existing and peripheral businesses through M&A]

- Promoting large-scale M&A
- Capturing intensifying competition and exhibiting competitive advantage through a dominant position
- Gaining superiority through economies of scale in oligopoly
- Collaborating and cooperating with other companies that have affinity with our business

Initiating new businesses

Entry into the education field and businesses

Bringing out new possibilities from children  
Establish an “integrated elementary and junior high school” with an original curriculum

1. To utilize abandoned schools in the Kanto region to establish an integrated elementary and junior high school that activates the region and shapes a bright future for children
2. To set an original curriculum in collaboration with scholars
3. To establish a continuous nurturing, cultivation and education system from infants through junior high school students without gaps

Active promotion of M&A and business alliances  
**Aggressive investment**

<To promote business alliances and M&A with the same and other industries>

- To promote M&A that leads to oligopoly
- To collaborate with other companies in different industries and peripheral businesses for childcare



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3

## FY3/24 Forecast



- We aim to increase earnings through structural reform of existing facilities and expansion of early childhood learning programs.
- The reason why net income attributable to owners of parent is decreasing is that we sold fixed assets (land and buildings) of 4 facilities in the previous term.

	Results for FY 3/23	Full-year forecast for FY 3/24	Change	Rate of change (%)
Net sales (million yen)	35,507	36,390	882	2.5%
Operating income (million yen)	3,667	3,820	152	4.2%
Ordinary income (million yen)	3,745	3,842	96	2.6%
Net income attributable to owners of parent (million yen)	2,698	2,497	-201	-7.5%
Net income per share (yen)	26.06	29.32	3.26	-
Dividend per share (yen)	Ordinary dividend: 5.0 Commemorative dividend: 1.0	6.0	Ordinary dividend: 1.0	-
Dividend payout ratio (%)	19.2	20.5	1.3	-
Expected opening of nursery school (school)	2	1	-1	-
Expected consignment of school clubs and children's houses (facility)	13	8	-5	-

## No. of New Openings on April 1, 2023

Nursery Schools: 1

School Clubs: 7

### Bilingual Nursery School : 5

(The Company changed licensed nursery schools and Tokyo Licensed Nursery Schools to bilingual nursery school)

## No. of New Openings on June 1, 2023

School Clubs : 1

## New Openings For FY3/24

Total : 9

※As of March 31, 2023, the Company closed Tokyo Licensed Nursery School named Asc Fudomae Nursery School. In addition, due to the expiration of the contract, the Company withdrew from school clubs named 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, Wakuwaku Fukuro Hiroba/Akakita Hibari Club No.3, Wakuwaku Yoniwa Hiroba/Yoniwa Elementary School Icho. Club No. 1, Wakuwaku Yoniwa Hiroba/Yoniwa Elementary School Icho. Club No. 2, Mitaka Municipal Minamiura School Club Annex A, Minato-ku Houka-go→ Club Honmura, Bunkyo-ku Meidai Temporary Childcare Room as of March 31, 2023.

## No. of Facilities Operated as of the End of April 2023

Nursery Schools : 209

School Clubs : 84

Children's houses : 11

Total : 304

### Tokyo

#### 5 Bilingual Nursery School

- Asc Bilingual Nursery School Eifuku
- Asc Bilingual Nursery School Kameido
- GENKIDS Bilingual Nursery School Shinkoyasu
- Asc Bilingual Nursery School Asakusabashi
- Ask Bilingual Nursery School Meidai-mae

### Tokyo

#### 1 licensed nursery school

- Shinagawa Municipal Yashio Nishi Nursery School

### Tokyo

#### 8 school clubs and children's houses

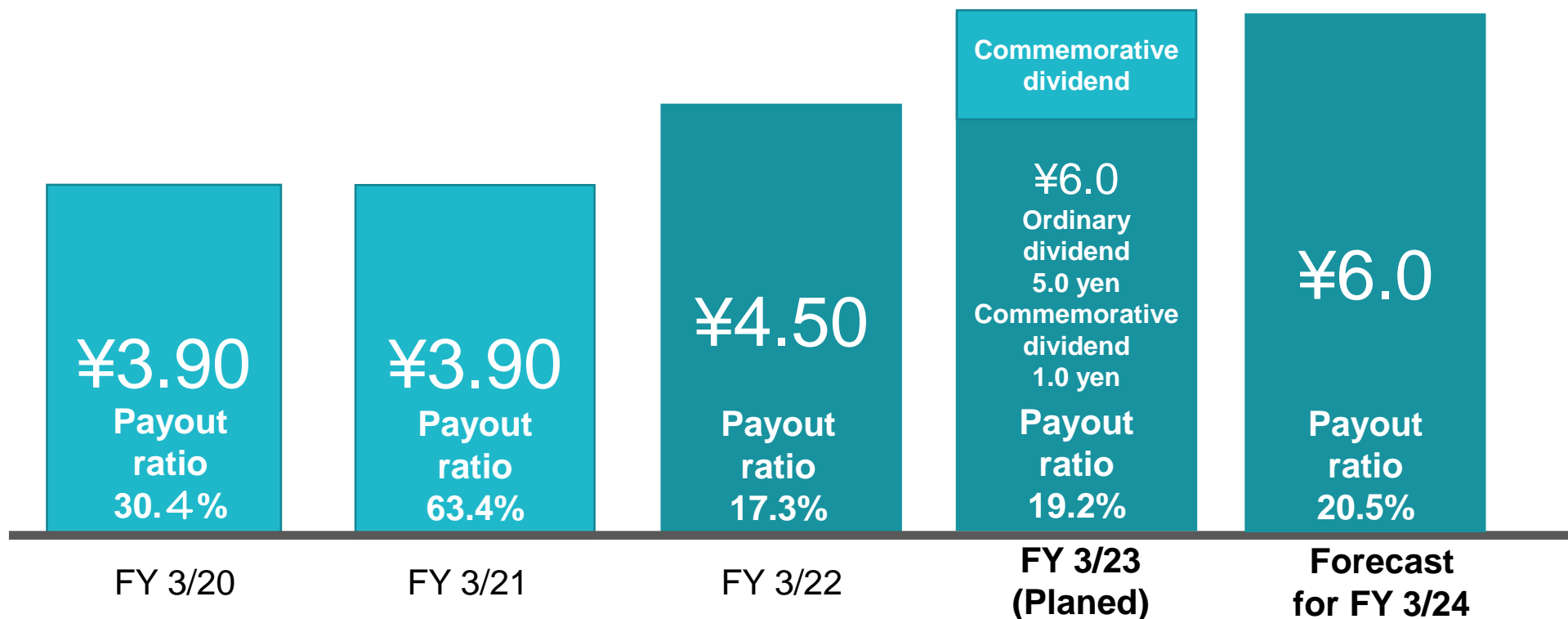
(Out of which, one facility is to be opened in June 1.)

- Heisei Elementary School After School Kids' Club
- Ryusen Kids' Club
- Chofu Municipal Chowa Elementary School Club No.2
- Minamikko Hiroba
- Minato-ku Houka-go→ Club Konan
- Takaban Elementary School Lan Lan Hiroba
- Yonsho Aozora School Club
- Asc Asakusabashi Kids' Club (on June 1, 2023 )



## ◎ 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 3/24, in view of business trends, we plan to increase the dividend by 1 yen from the previous fiscal year's ordinary dividend of 5 yen to 6 yen.



\* The term-end dividend for FY 3/23 is the dividend per share approved at the 31th annual meeting of shareholders.








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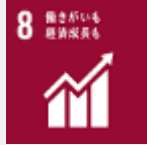
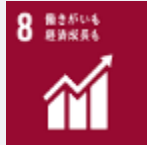


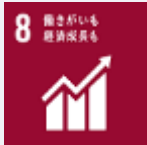





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## APPENDIX



Social issues to be solved with our business	Related SDGs	Major activities
<p><b>Childcare support</b></p>	<p><b>Improve the quality of childcare support</b>  <b>Reduce the number of children on waiting lists</b></p>	  <ul style="list-style-type: none"> <li>•Promotion of high quality childcare support</li> <li>•Establishment of new facilities for decreasing the number of children on waiting lists</li> <li>•Development and provision of online childcare while grasping changes in the social environment</li> <li>•Safe, reliable facilities and operation</li> <li>•Provision of nutritious lunch for maintaining health</li> <li>•Enrichment of support for child development</li> </ul>
<p><b>Educational support</b></p>	<p><b>Offer high quality early childhood learning</b></p>	  <ul style="list-style-type: none"> <li>•Development and enrichment of educational programs (English, exercise, eurhythmic and dancing)</li> <li>•Development and promotion of online education</li> <li>Development of programs for early childhood learning at home in response to changes in the social environment</li> <li>•Provision of early childhood learning opportunities</li> </ul>
<p><b>Partnership</b></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"> <li>Promotion of work style reform</li> <li>Enrichment of training structure</li> <li>Career paths and job rotation</li> </ul>
Empowerment of women	Actualization of diversity minded workplaces		<ul style="list-style-type: none"> <li>Workstyles tailored to lifestyles</li> <li>Systems for childbirth, childcare, and nursing care</li> <li>Development of a proper business environment</li> </ul>
Human rights and D&I*1	Actualization of diverse workstyles		<ul style="list-style-type: none"> <li>Utilization of diverse human resources and sound business administration</li> <li>Development and production of female leaders</li> </ul>
Social contribution to local communities	Creation of a childcare environment	  	<ul style="list-style-type: none"> <li>Promotion of childcare support in local areas</li> <li>Promotion of employment</li> <li>Promotion of prevention of abuse</li> </ul>
Earth environment	Contribution to a sustainable earth environment	  	<ul style="list-style-type: none"> <li>Creation of environmentally sound facilities</li> <li>Reduction of CO<sub>2</sub> emissions by installing LED lighting</li> <li>Reduction of food loss and waste</li> </ul>
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.  
(\*We conduct “Single Parent Household Support” annually.)



- ◎ 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

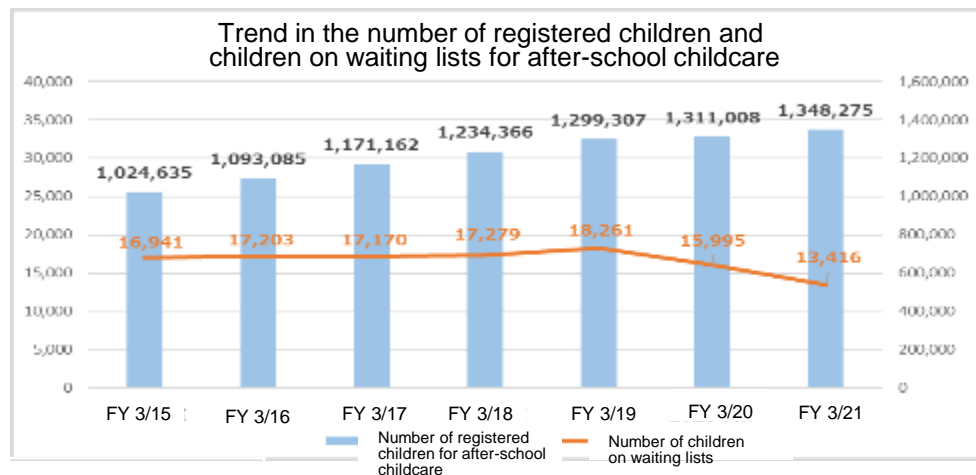
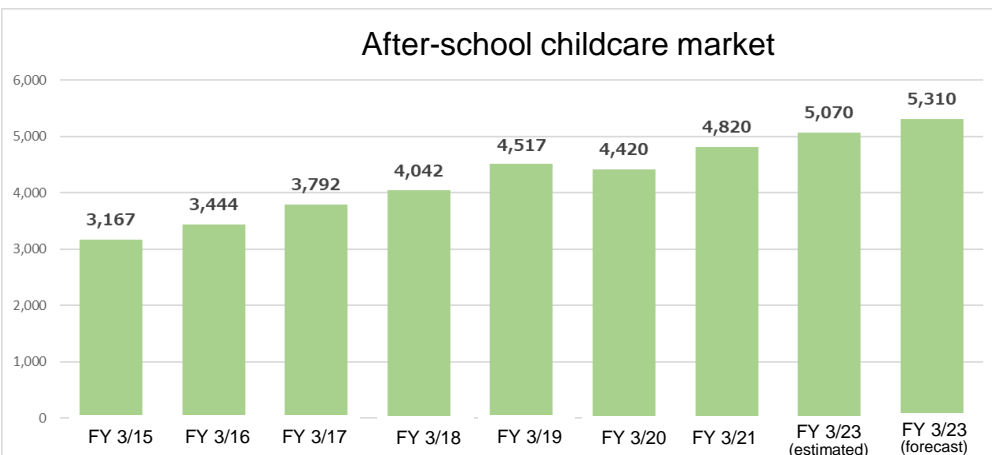
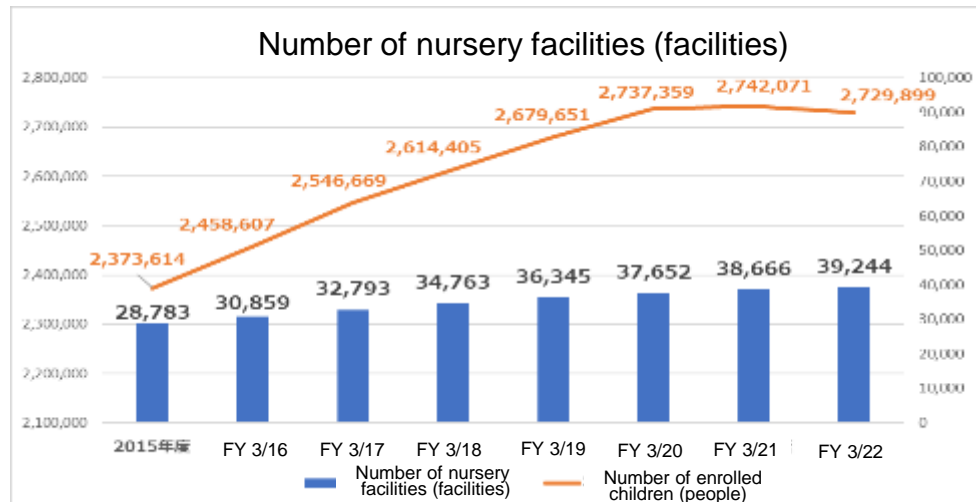
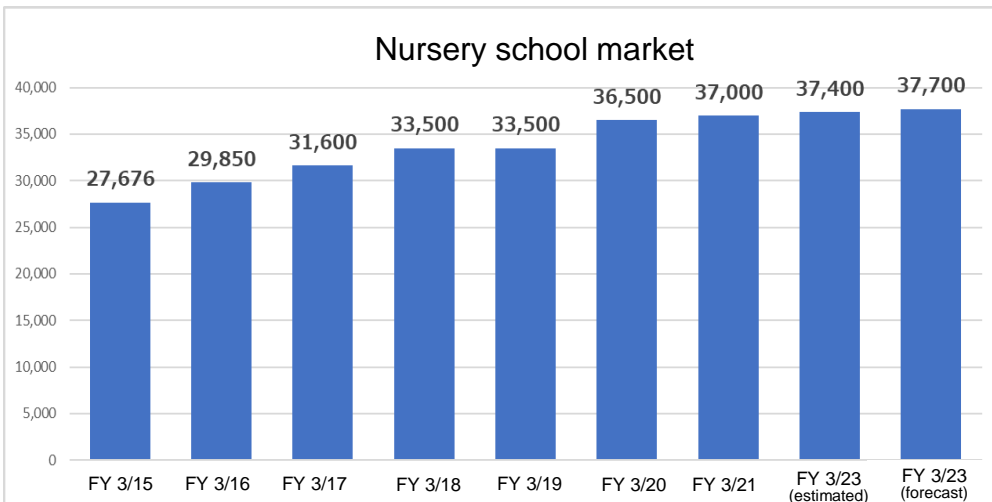


## SUSTAINABLE DEVELOPMENT GOALS



# Nursery School and After-School Childcare Market

- Although the child population and the number of children on waiting lists are decreasing, the nursery school market is still growing.
- The number of nursery facilities continues to increase year by year, while the number of enrolled children is showing a slight downward trend.
- The after-school childcare market continues to grow year by year, but the number of children on waiting lists has decreased slightly to 13,000.

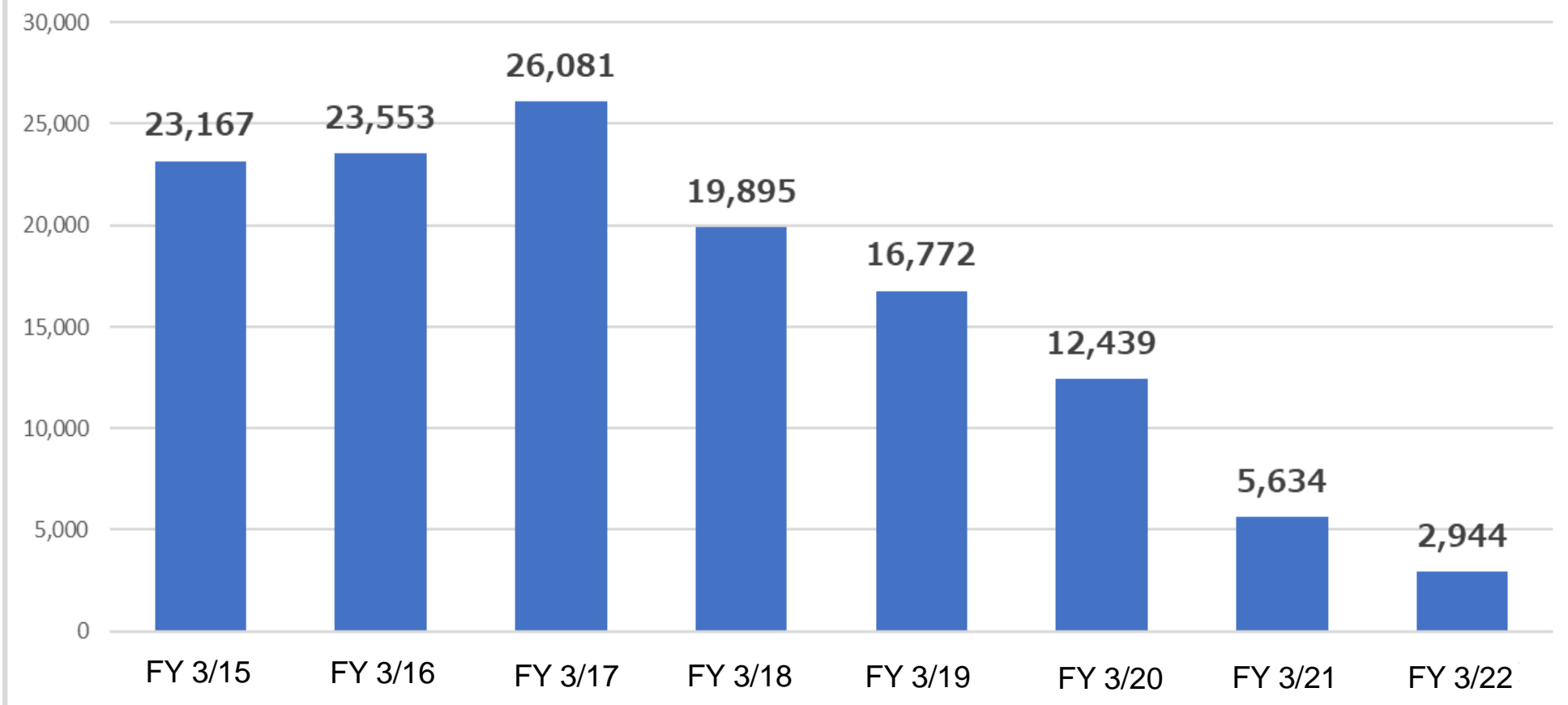


Source: "Childcare and Early Childhood Education Market Status and Outlook 2023," Yano Research Institute Ltd.

# Variations in the Number of Children on Waiting Lists

- The number of children on waiting lists in FY 3/22 was 2,944, down 2,690 from the previous term.
- There are regional disparities, and the number of “hidden waiting list children” is estimated to exceed 60,000.

## Variations in the number of children on waiting lists

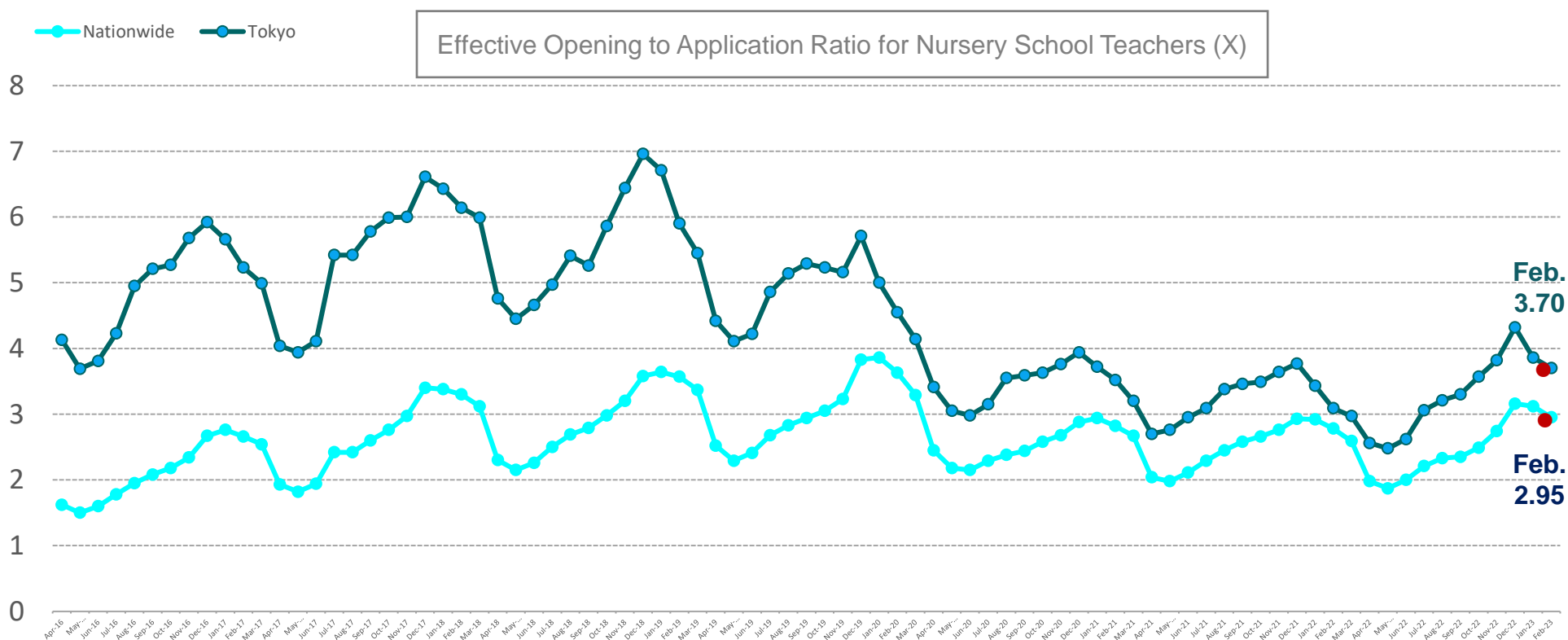


Source: “Childcare and Early Childhood Education Market Status and Outlook 2023,” Yano Research Institute Ltd.




# 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 2023: 2.95 times)
- ▶ Jobs to applicants ratio of Tokyo had the trend of increase as of Jun. 2022, but turned to decrease to 2.95 as of Feb. 2023.



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

(1) Platform name	<b>codomel</b>
(2) Concept of the platform name and logo	<ul style="list-style-type: none"> <li>•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.”</li> <li>•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.</li> </ul>
(3) Logo	
(4) Overview of the first services	<ul style="list-style-type: none"> <li>•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.</li> <li>•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.</li> <li>•We will unroll this service overseas and further expand services after the launch of this service on April 1, 2022.</li> </ul>

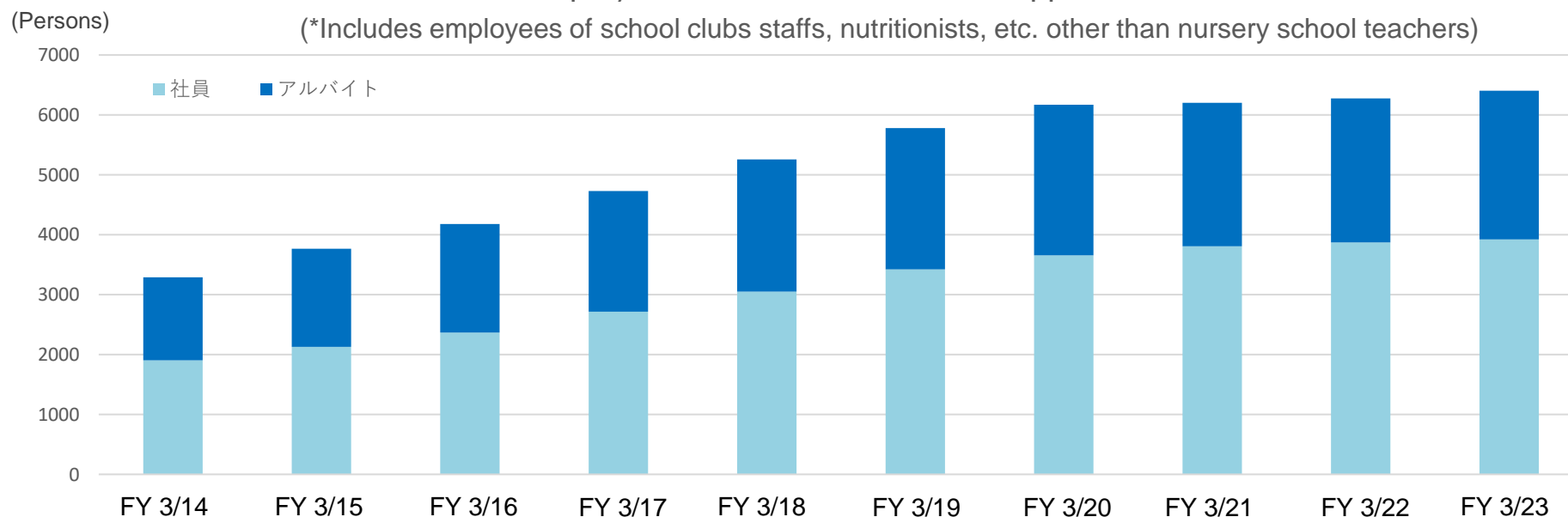
# Recruitment of Nursery School Teachers

		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23 As of the 1st of Apr.
Nursery School Teacher	New graduates	197	247	276	248	182	166	166	175 Joined on Apr. 1, 2023
	Mid-career employment	241	327	325	269	292	226	322	220 Joined on Apr. 1, 2023
Non qualified	New graduates	23	32	46	26	9	7	5	1

\*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

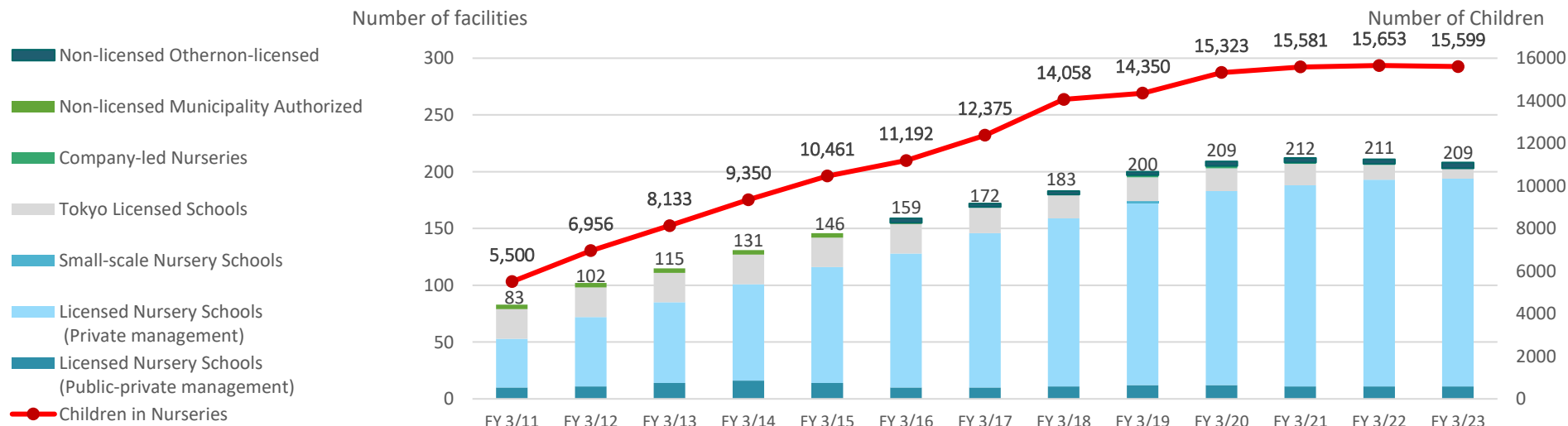


# Changes in the Number of Facilities Operated and the Number of Children Accepted to Nursery Schools

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23 As of Mar.
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
Non-licensed Nursery Schools												
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	11
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
<b>Total</b>	<b>148</b>	<b>163</b>	<b>182</b>	<b>200</b>	<b>224</b>	<b>251</b>	<b>272</b>	<b>289</b>	<b>297</b>	<b>301</b>	<b>303</b>	<b>309</b>

\*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.

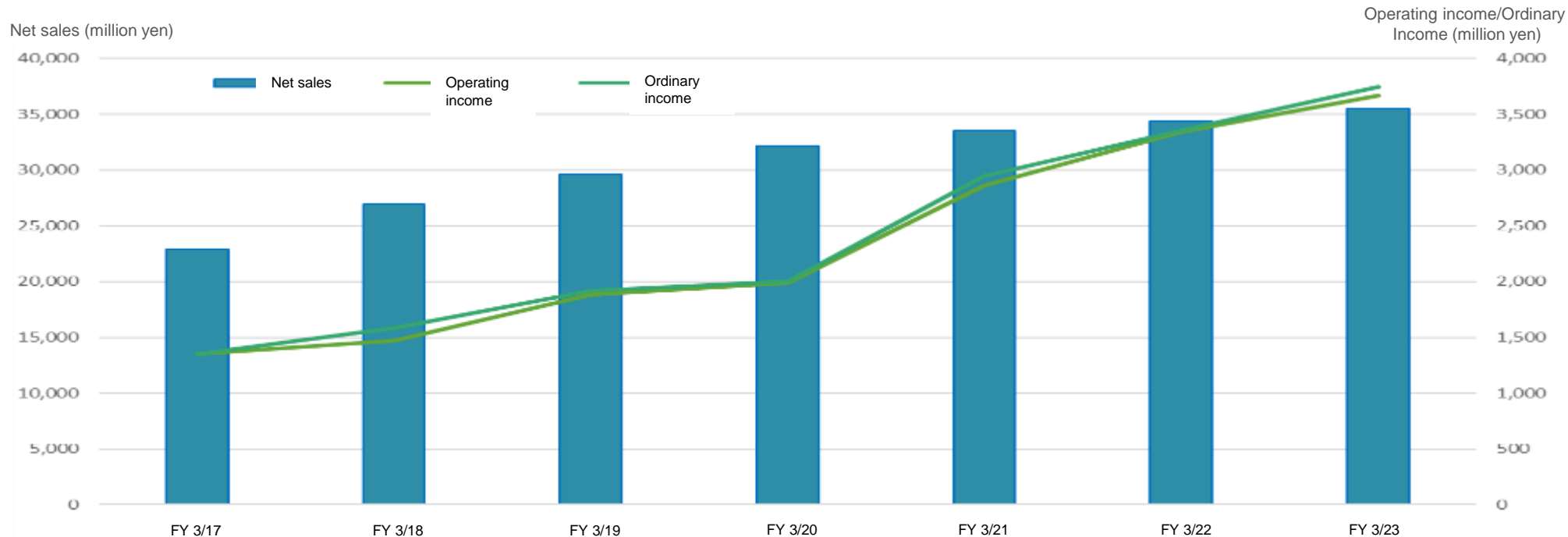
## TREND OF NURSERIES AND CHILDREN



# Consolidated Results (Highlights)

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Net sales (million yen)	26,945	29,647	32,169	33,500	34,373	35,507
Operating income (million yen)	1,469	1,880	1,989	2,857	3,344	3,667
Ordinary income (million yen)	1,469	1,920	2,003	2,947	3,358	3,745
Net income attributable to owners of parent (million yen)	910	1,071	1,122	537	2,279	2,698
Net income per share (yen)	10.70	12.44	12.81	6.15	26.06	31.18

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



## Consolidated Results (Balance Sheet/Statement of Cash Flows)

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Total assets (million yen)	25,758	28,255	26,122	29,740	34,274	35,694
Net assets (million yen)	7,756	8,950	9,636	10,007	11,975	13,584
Shareholders' equity ratio (%)	30.1	31.7	36.9	33.7	34.9	38.1

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Cash flows from operating activities (million yen)	1,865	1,829	2,320	2,469	3,884	2,735
Cash flows from investing activities (million yen)	-1,292	- 940	418	190	413	411
Cash flows from financing activities (million yen)	-135	1,475	-3,349	2,155	1,978	-1,112
Year-end balance of cash and cash equivalents (million yen)	4,455	6,816	6,206	11,020	17,296	19,330

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	FY3/23
Amount of dividend per share (yen)	3.50	3.70	3.90	3.90	4.50	6.0
Payout ratio (%)	32.7	29.7	30.4	63.4	17.3	19.2

※Breakdown of year-end dividend for the fiscal year ended March 2023

Ordinary dividend: 5.00 yen, Commemorative dividend: 1.00 yen

※The term-end dividend for FY 3/23 is the dividend per share approved at the 31th annual meeting of shareholders.



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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