

# Summary of Business Results for the Second Quarter Ended September 30, 2023 [Japan GAAP] (Consolidated)

November 13, 2023

Company **JP-HOLDINGS, INC.**  
 Stock Code 2749 URL: <https://www.jp-holdings.co.jp>  
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 Expected date of filing of quarterly securities report: November 13, 2023  
 Preparation of quarterly supplementary financial document: Yes  
 Quarterly results briefing: Yes (for media members, institutional investors, analysts)

Listed on the TSE Prime

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Expected starting date of dividend payment: -

(Rounded down to million yen)

## 1. Consolidated business results for the six months ended September 2023 (April 1, 2023 through September 30, 2023)

### (1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sept. 2023	18,057	4.9	2,020	34.4	1,965	29.1	1,279	13.2
Six months ended Sept. 2022	17,207	2.3	1,502	37.2	1,521	36.9	1,130	59.4

(Note) Comprehensive income

Six months ended September 2023: 1,278 million yen (16.7%)

Six months ended September 2022: 1,094 million yen (53.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sept. 2023	15.02	-
Six months ended Sept. 2022	12.92	-

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Sept. 30, 2023	35,334	14,363	40.7
As of Mar. 31, 2023	35,694	13,584	38.1

(Reference) Shareholders' equity:

As of September 30, 2023: 14,363 million yen

As of March 31, 2023: 13,584 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Year ended Mar. 2023	Yen -	Yen 0.00	Yen -	Yen 6.00	Yen 6.00
Year ending Mar. 2024	-	0.00	-	6.00	6.00
Year ending Mar. 2024 (forecast)	-	-	-	6.00	6.00

(Note) Revisions to dividend forecast for the current quarter: None

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

Ordinary dividend: 5.00 yen, Commemorative dividend: 1.00 yen

## 3. Forecast of consolidated business results for the fiscal year ending March 2024 (April 1, 2023 through March 31, 2024)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2024	36,390	2.5	3,820	4.2	3,842	2.6	2,497	-7.5	29.32

(Note 1) Revisions to business forecast for the current quarter: None

**\*Notes**

(1) Changes in significant subsidiaries during the period: None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:  
None

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

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of September 30, 2023 87,849,400 shares

As of March 31, 2023 87,849,400 shares

② Treasury stock at the end of period

As of September 30, 2023 2,662,221 shares

As of March 31, 2023 2,697,857 shares

③ Average number of stock during period (quarterly cumulative period)

Six months ended September 2023 85,166,816 shares

Six months ended September 2022 87,474,811 shares

**\*Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

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

· Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. For information regarding the assumptions that form the basis for the business results forecasts and notes about using business forecasts, etc., please refer to “1. Qualitative Information on Quarterly Financial Results (3) Consolidated Earnings Forecasts” (Page 5).

· The Company plans to hold an online meeting as the financial results briefing for media members, institutional investors and analysts on Friday, November 17, 2023.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Results of Operations

During the first half of the current fiscal year, the Japanese economy was expected to continue its gradual recovery toward the normalization of economic activities after the downgrading of the legal status of COVID-19 to "Class 5". However, the economic outlook remains uncertain due to high prices caused by soaring energy and raw material prices and the impact of global monetary tightening.

In the environment that surrounds our childcare support business, in April 2023, the government established the Children and Families Agency in response to the accelerating decline in the number of children. This agency, under the government's efforts to address the accelerating decline in birthrates, consolidates child-related policies and places emphasis on child-centric initiatives and policies. Furthermore, in June 2023, the government issued the "Children's Future Strategy," which outlines concrete measures to address the declining birthrate with different dimensions, further reinforcing the national policy to address the declining birthrate. The specific measures of the "Children's Future Strategy" include improving the placement standards for childcare workers, for the first time in 75 years, to establish a system where parents can leave their children to facilities with peace of mind. This involves securing childcare personnel through further enhancements in their treatment. Additionally, a "Universal Childcare System (tentative name)" is planned to be established, enabling all families with children to utilize childcare centers regardless of employment requirements. These efforts are part of the "various measures to address the decline in birth rates". As such, initiatives aimed at creating a more supportive environment for childcare are being accelerated. The social role of childcare support initiatives is believed to be increasingly crucial.

As described above, while the improvement of childcare environments by the government is being expanded, in areas where the birthrate decline is accelerating, competition among childcare facilities is intensifying to acquire the number of children. Structural reforms for sustained growth and further earnings expansion, and the development and early profitability of new businesses will be required. In view of changes in the external environment, the medium-term management plan (from FY3/24 to FY3/26) will be reviewed in line with the announcement of business forecasts for the fiscal year ending March 2024, with "Achieve growth and establish a competitive advantage," "Reform our profit structure," and "Reform our management base" as priority targets. With this, we will create new services and value, establish a competitive advantage and solve social problems through our business by proactively developing new businesses for growth, developing infrastructure utilizing M&As and systemization, and building solid business foundations with structural reforms and business reforms. Through these efforts, we aim for sustainable growth while realizing the management philosophy of our group: "Through child care support, we will contribute to creating smiles for everyone."

To effectively adapt to the changing social environment, we are deploying the following strategies. Firstly, we aim to "achieve growth and establish a competitive advantage" by developing new businesses with a focus on medium to long-term growth. Simultaneously, we are proactively considering M&As to not only expand existing operations but also to venture into new business domains. Furthermore, in order to enhance our competitive advantage, we plan to develop and expand new learning programs. For instance, we will offer childcare and after-school programs that incorporate STEAM education, as well as after-school activities such as English, gymnastics, and music classes.

Additionally, the strategy encompasses various initiatives, including the operation of a "bilingual nursery school" with English native teachers as a new facility, test introduction of "Montessori education nursery school", establishing a comprehensive childcare support system for infants, toddlers, and school-age children, and adopting a dominant strategy through collaboration between nursery schools, after-school clubs, and children's clubs, aiming to double the current number of after-school clubs and children's clubs to 200 facilities through proactive expansion efforts. Additionally, we are working on enhancing collaboration with local communities to establish the "My Nursery School System" to support those who are planning to have and raise children, as part of our efforts to improve the parenting environment. As such, we are actively implementing a differentiation strategy as part of our commitment to create "facilities that would continue to be selected by customers" in various regions. Furthermore, as part of our new business initiatives, within the childcare support platform "codomel," we are expanding service offerings and products. We are strengthening our capabilities for C2C, B2C, and B2B interactions, and conducting trial sales of pre-packaged food in response to the problem of preparing dinner for parents. Additionally, we have established the real estate company "Kosodate Support Realty Co., Ltd." within the group. This entity focuses on real estate intermediary services, property leasing, property management, and real estate consulting related to childcare support operations. These efforts are aimed at achieving early revenue generation.

Regarding "reform our profit structure," we are reassessing our business structure. We are optimizing staffing, enhancing financial management, rigorously controlling costs, and achieving operational efficiency through the rectification of inefficient operations and processes using data utilization. We are also committed to reducing indirect costs and further improving our operations through business process reforms and system implementations.

As for the "reform our management base," the key to our business is people. Therefore, we will enhance our personnel education and training structure. At the same time, we will retain and develop outstanding human resources and improve employee engagement to lead to a change in awareness. Moreover, we are working to revitalize our organization by enhancing our human resources strategy (expanding training and renewing our corporate culture), strengthening Group governance, and establishing an on-site work and management system.

As for the new facility openings, the Group has opened a total of 10 facilities during the second quarter of the fiscal year ending March 2024 according to the plan, including 1 nursery schools (1 in Tokyo) and 9 school clubs and children's houses (8 in Tokyo, 1 in Saitama).

(Nursery School)

Shinagawa Municipal Yashio Nishi Nursery School (Apr. 1, 2023)

(School Club/Children's House)

Heisei Elementary School After School Kids' Club (Apr. 1, 2023)

Ryusen Kids' Club (Apr. 1, 2023)

Chofu Municipal Chowa Elementary School Club No.2 (Apr. 1, 2023)

Minamikko Hiroba (Apr. 1, 2023)

Minato-ku Houka-go→Club Konan (Apr. 1, 2023)

Takaban Elementary School Lan Lan Hiroba (Apr. 1, 2023)

Yonsho Aozora School Club (Apr. 1, 2023)

Asc Asakusabashi Kids' Club (Jun. 1, 2023)

Matsubara Children's Club No.2 (July 21, 2023)

(Bilingual Nursery School)

The Company changed licensed nursery schools and Tokyo Licensed Nursery Schools to bilingual nursery schools, which is staffed by native English-speaking teachers.

Asc Bilingual Nursery School Eifuku (formerly Asc Eifuku Nursery School) (Apr. 1, 2023)

Asc Bilingual Nursery School Kameido (formerly Asc Kameido Nursery School) (Apr. 1, 2023)

GENKIDS Bilingual Nursery School Shinkoyasu (formerly GENKIDS Shinkoyasu Nursery School) (Apr. 1, 2023)

Asc Bilingual Nursery School Asakusabashi (formerly Asc Asakusabashi Nursery School) (Jun. 1, 2023)

Ask Bilingual Nursery School Meidai-mae (formerly Asc Meidai-mae Nursery School) (Jun. 1, 2023)

\*1: As of March 31, 2023, the Company closed Tokyo Licensed Nursery School named Asc Fudo-mae 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 Hibiari 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.

As a result, the Group came to have 209 nursery schools, 86 school clubs, 11 children's houses, making a total of 306 childcare facilities as of September 30, 2023.

As a result, the Group's consolidated net sales were 18,057 million yen (up 4.9% year on year), operating income was 2,020 million yen (up 34.4% year on year), ordinary income was 1,965 million yen (up 29.1% year on year), and net income attributable to owners of parent was 1,279 million yen (up 13.2% year on year).

The major factors are as follows:

In terms of net sales, the Company's various initiatives aimed at creating "facilities that would continue to be selected by customers", such as the introduction of new early childhood learning programs, led to an increase in the number of children during the mid-term period, opening of new facilities, and acquisition of new contracts. As a result, net sales increased by 4.9% year on year.

In terms of operating income, the cost of sales increased due to an increase in electricity prices and a surge in the prices of various purchased merchandise. However, we worked to control and reduce costs by increasing net sales through the above-mentioned measures, maximizing the benefits of subsidies and improving operating efficiency by reallocating personnel at each facility and reviewing the ordering system. As a result, operating income increased by 34.4% year on year.

Ordinary income and net income attributable to owners of parent also increased by 29.1% and 13.2% year on year, respectively, as a result of growth in net sales, improved sales at existing facilities, and efforts to control expenses through efficient operations.

## (2) Financial Position

As for the financial position at the end of the second quarter of the current fiscal year, the total assets amounted to 35,334 million yen (down 360 million yen from the end of the previous fiscal year).

Current assets totaled 23,537 million yen (down 76 million yen), mainly reflecting an increase of 696 million yen in cash and deposits, while there were decreases of 637 million yen in accounts receivable, and 136 million yen in others.

Fixed assets totaled 11,797 million yen (down 284 million yen). This was mainly due to increases of 54 million yen in deferred tax assets and 21 million yen in tools, furniture and fixtures, while decreases of 202 million yen in buildings and structures, 113 million yen in long-term loans receivable, and 44 million yen in investments and other assets.

Total liabilities amounted to 20,970 million yen (down 1,139 million yen).

Current liabilities totaled 8,807 million yen (up 513 million yen), mainly due to increases of 321 million yen in income taxes payable, 162 million yen in current portion of long-term loans payable, and 102 million yen in provision for bonuses, while there were decreases of 41 million yen in notes and accounts payable-trade and 40 million yen in accrued consumption taxes.

Fixed liabilities totaled 12,163 million yen (down 1,653 million yen). This was mainly due to a decrease of 1,683 million yen in long-term loans payable.

Total net assets as of the end of the second quarter of the current fiscal year totaled 14,363 million yen (up 779 million yen), mainly due to an increase of 768 million yen in retained earnings and a decrease of 10 million yen in treasury stock.

## (3) Consolidated Earnings Forecasts

The full-year consolidated earnings forecasts have not been revised from the announcement on May 11, 2023, but actual results may be different from the forecast according to the changes in business situations, etc.

If there are any changes, the Company will disclose them properly.

## 2. [Quarterly Consolidated Financial Statements]

## (1) [Quarterly consolidated balance sheets]

(Thousand yen)

	Previous Fiscal Year (March 31, 2023)	Current Second Quarter (September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	19,330,865	20,027,418
Notes and accounts receivable-trade	60,198	75,679
Inventories	55,476	40,842
Accounts receivable - other	3,263,596	2,625,770
Other	904,246	767,668
Allowance for doubtful accounts	-1,291	-364
<b>Total current assets</b>	<b>23,613,092</b>	<b>23,537,015</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,024,967	12,023,174
Accumulated depreciation and impairment	-7,640,405	-7,840,966
Buildings and structures, net	4,384,561	4,182,208
Machinery, equipment and vehicles	203	203
Accumulated depreciation	-150	-165
Machinery, equipment and vehicles, net	53	38
Tools, furniture and fixtures	1,340,178	1,425,843
Accumulated depreciation and impairment	-869,662	-933,782
Tools, furniture and fixtures, net	470,516	492,060
Land	129,529	129,529
Construction in progress	330	-
<b>Total tangible fixed assets</b>	<b>4,984,990</b>	<b>4,803,837</b>
Intangible assets		
Goodwill	106,350	91,157
Other	39,689	35,429
<b>Total intangible assets</b>	<b>146,040</b>	<b>126,587</b>
Investments and other assets		
Investment securities	406,875	424,355
Long-term loans receivable	2,804,871	2,691,312
Guarantee deposits	1,819,824	1,824,728
Deferred tax assets	1,458,611	1,512,898
Other	465,177	420,355
Allowance for doubtful accounts	-4,727	-6,688
<b>Total investments and other assets</b>	<b>6,950,632</b>	<b>6,866,964</b>
<b>Total fixed assets</b>	<b>12,081,664</b>	<b>11,797,388</b>
<b>Total assets</b>	<b>35,694,756</b>	<b>35,334,404</b>

(Thousand yen)

	Previous Fiscal Year (March 31, 2023)	Current Second Quarter (September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	186,091	144,511
Current portion of long-term loans payable	3,654,742	3,816,818
Accounts payable – other	1,681,700	1,713,625
Income taxes payable	433,452	754,912
Accrued consumption taxes	92,647	52,551
Reserve for bonuses	866,100	968,160
Asset retirement obligation	3,087	-
Other	1,376,561	1,356,919
Total current liabilities	8,294,383	8,807,498
Fixed liabilities		
Long-term debt	12,226,111	10,542,183
Retirement benefit liability	970,699	1,000,179
Asset retirement obligation	619,549	620,944
Total fixed liabilities	13,816,359	12,163,306
Total liabilities	22,110,742	20,970,805
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,455,989	1,457,965
Retained earnings	11,422,289	12,190,738
Treasury stock	-784,199	-773,840
Total shareholders' equity	13,698,034	14,478,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-111,798	-113,823
Deferred gains or losses on ledges	1,143	1,216
Remeasurements of defined benefit plans	-3,365	-2,612
Total accumulated other comprehensive income	-114,020	-115,219
Total net assets	13,584,013	14,363,598
Total liabilities and net assets	35,694,756	35,334,404



## (2) [Quarterly Consolidated Statements of Income and Statements of Comprehensive Income]

[Quarterly Consolidated Statement of Income]

[Second Quarter of FY3/24]

(Thousand yen)

	Previous Second Quarter (Apr. 1, 2022 - September 30, 2022)	Current Second Quarter (Apr. 1, 2023 - September 30, 2023)
Net sales	17,207,871	18,057,936
Cost of sales	14,300,013	14,725,453
Gross profit	2,907,858	3,332,482
Selling, general and administrative expenses	1,404,938	1,311,897
Operating income	1,502,920	2,020,584
Non-operating income		
Interest income	39,806	37,011
Other	16,032	14,598
Total non-operating income	55,839	51,610
Non-operating expenses		
Interest expenses	35,474	35,683
Arrangement fee	-	70,000
Other	1,318	1,329
Total non-operating expenses	36,793	107,012
Ordinary income	1,521,966	1,965,182
Extraordinary income		
Gain on sales of fixed assets	215,276	-
Extraordinary income	215,276	-
Extraordinary loss		
Loss on retirement of fixed assets	108	0
Total extraordinary loss	108	0
Income before income taxes and others	1,737,134	1,965,182
Corporate, inhabitant and enterprise taxes	616,304	739,645
Income taxes-deferred	-9,439	-53,821
Total income tax	606,864	685,823
Net income	1,130,270	1,279,358
Net income attributable to owners of parent	1,130,270	1,279,358

[Quarterly Consolidated Statement of Comprehensive Income]

[Second Quarter of FY3/24]

(Thousand yen)

	Previous Second Quarter (Apr. 1, 2022 - September 30, 2022)	Current Second Quarter (Apr. 1, 2023 - September 30, 2023)
Net income	1,130,270	1,279,358
Total accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-46,430	-2,024
Deferred gains or losses on ledges	2,423	72
Remeasurements of defined benefit plans	8,567	752
Total other comprehensive income	-35,439	-1,199
Comprehensive income	1,094,830	1,278,158
Breakdown		
Comprehensive income attributable to owners of parent	1,094,830	1,278,158

**(3) Notes on Quarterly Consolidated Financial Statements**

(Notes on going concern assumptions)

Second quarter of FY3/24 (April 1, 2023 – September 30, 2023)

None applicable

(Notes if there is a significant change in the amount of shareholders' equity)

Second quarter of FY3/24 (April 1, 2023 – September 30, 2023)

None applicable