



May 13, 2024

Company: JP-HOLDINGS, INC.
Representative: Tohru Sakai,
President and Representative Director
(Stock Code: 2749, Prime Market)
Contact: Kenji Zushi,
Executive Officer
(Tel: +81 52 933 5419)

To whom it may concern,

Notice of the Rolling of the Medium-term Management Plan

JP-HOLDINGS, INC. announced our Medium-term Management Plan in “Notice of the Rolling of the Medium-term Management Plan” on May 11, 2023, to respond quickly and flexibly to changes in the business environment. We have now formulated our Three-year Medium-term Management Plan starting in the fiscal year ending March 31, 2025 with a rolling method, given the changes in the business environment, in addition to the fact that our company reached the operating income target set for the fiscal year ending March 31, 2026 two years ahead of schedule in the fiscal year ended March 31, 2024.

1. Background of the Rolling of the Medium-term Management Plan

Birth rates are declining at an accelerated pace while the Japanese government is making efforts to create a supportive environment in which families can raise their children with a sense of safety and security as a measure against the decline in birth rates. Considering such changes in the external environment, our corporate group drew up the Medium-term Management Plan (for the period between the fiscal year ended March 31, 2024 and the fiscal year ending March 31, 2026) on May 11, 2023 with a rolling method and set priority targets, “Achieve growth and establish a competitive advantage,” “Reform our profit structure,” and “Reform our management base,” and we have been striving to grow sustainably while settling social issues through our childcare support business.

Specifically, we propelled forward “building of nursery schools and facilities that would be selected by customers” by pursuing differentiation strategies, such as proactively undertaking the operation of new facilities with the aim of doubling the number of the existing school clubs and children’s houses which we are operating to 200 through the development of new businesses, promotion of proactive mergers and acquisitions that are intended to expand the existing businesses and new business domains, enrichment of learning programs that take advantage of our competitive advantages (such as adoption of childcare and after-school programs into which STEAMS education is incorporated), provision of extracurricular activities outside school hours (such as English, gymnastics, and music classes), operation of bilingual nursery schools that are staffed with native English teachers as our new facilities, adoption of Montessori method-based nursery schools, and dominant strategies in cooperation with nursery schools, school clubs and children’s houses with the intention of establishing a comprehensive childcare support system that covers infants, toddlers, and school-age children.

Furthermore, as one of our initiatives for new business development, we acquired all the shares of ONE’S WILL CO. LTD., which specializes in temporary foreign staffing services, on February 9, 2024, making it one of our wholly owned subsidiaries.

This allows us to develop a new business while taking advantage of the strengths of the two companies, such as acquisition of workers with expertise, including nursery school staff, and utilization of talented human

resources with foreign nationality, in order to cope with the labor shortage in Japan and deal with a number of drastic countermeasures taken by the Japanese government against declining birth rates.

As a result of efforts to succeed in various measures, build an efficient management structure and maximize subsidies in our Medium-term Management Plan (fiscal year ended March 31, 2024 to fiscal year ending March 31, 2026), we have achieved recorded-high sales and profit in the fiscal year ended March 31, 2024, and we reached the operating income target set in the Medium-term Management Plan for the term ending March 31, 2026 two years ahead of schedule. We, therefore, decided to review and revise the consolidated numerical targets using a rolling method in line with the announcement of the consolidated earnings forecast for the fiscal year ending March 31, 2025.

We will continuously strive to attain the priority targets, “Achieve growth and establish a competitive advantage,” “Reform our profit structure,” and “Reform our management base” set in the Medium-term Management Plan, this fiscal year like in the previous fiscal year in order to gain a greater competitive advantage and reform and improve our management base. We will formulate a Three-year Medium-term Management Plan with a rolling method, which we revise every term in principle, to flexibly respond to future changes in the management environment.

2. Priority Targets, Measures, and Forecasts of the Medium-Term Management Plan (Consolidated)

(1) Three-year Consolidated Numerical Plan

With a focus on the childcare support business, one of our existing businesses, the Medium-Term Management Plan drawn up as a rolling plan is aimed at further boosting earnings through optimization of business processes using systems, as well as opening new facilities, undertaking the operation of facilities, enriching highly specialized and high-quality learning programs offered according to each child’s level, and propelling forward the employment placement business and temporary staffing business.

The consolidated numerical plan of the Medium-Term Management Plan does not cover the mergers and acquisitions, or the overseas business, which our corporate group is proactively engaging in, or the number of children per nursery teacher or the new system that offers childcare services to all children regardless of parents’ employment status as part of the drastic measures taken by Japan’s government against the decline in birth rates, or policies of each municipality, because any details have not been provided at the time of designing the plan.

We will review and revise the plan once details of such matters have been determined, and we will publish the revised plan.

[Initial consolidated numerical plan] Announced on May 11, 2023 (Unit: million yen)

	FY3/23		FY3/24		FY3/25		FY3/26	
	Previous result	Change from the previous term	Initial forecast	Change from the previous term	Target	Change from the previous term	Target	Change from the previous term
Net sales	35,507	3.3%	36,390	2.5%	37,220	2.3%	38,340	3.0%
Operating income	3,667	9.6%	3,820	4.2%	4,100	7.3%	4,330	5.6%

Note

•The initial forecast for the fiscal year ended March 31, 2024 in this earnings forecast was as published on May 11, 2023.

•We revised the initial earnings forecast for the fiscal year ended March 31, 2024 and published the revised forecast on February 13, 2024.

**[Consolidated numerical plan with a rolling method]**

(Unit: million yen)

	FY3/24		FY3/25		FY3/26		FY3/27	
	Previous result	Change from the previous term	Forecast	Change from the previous term	Target	Change from the previous term	Target	Change from the previous term
Net sales	37,856	6.6%	38,528	1.8%	39,163	1.6%	40,165	2.6%
Operating income	4,584	25.0%	4,751	3.6%	4,837	1.8%	5,073	4.9%

Note

•This Medium-term Management Plan is based on the current business environment. Please note that actual business results may differ significantly from the forecast, and that it is subject to change without notice depending on changes in the business environment in the future.

(2) Priority Targets of the Medium-Term Management Plan

**We will aim to create new services and value to realize the management philosophy of our group:
“Through childcare support, we will contribute to creating smiles for everyone.”**

We will create new services and value, establish a competitive advantage and solve social issues 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 will aim for sustainable growth.

1) Achieve growth and establish a competitive advantage

We will enhance the employment placement business, the temporary staffing business and the overseas business as new businesses aimed at medium- and long-term growth, proactively promote M&As to expand our existing businesses and create new businesses, enrich our learning programs to ensure a competitive advantage, promote various differentiation strategies to solve concerns of parents, and implement measures to solve social issues.

(i) Expansion of the scale and revenues of the employment placement business and the temporary staffing business for Japanese and foreign workers with expertise

•We strive to boost revenues by strengthening the structure of sales activities while cooperating with local educational institutions and organizations for dispatching talented workers with foreign nationality.

•Taking advantage of the know-how of childcare support services that our corporate group has gained, we endeavor to monetize the employment placement business and the temporary staffing business for nursery teachers, nurses, and caregivers, who are specialists working in Japan, as swiftly as possible and build the foundation for the business by taking new approaches in the business.

(ii) Operation of facilities in cooperation with local companies mainly in Southeast Asia with the aim of dealing with globalization as swiftly as possible

•We strive to increase the number of facilities that we operate in Southeast Asia in cooperation with local blue-chip companies.

•We will develop the business in Southeast Asia in a multifaceted manner by taking advantage of various Japanese educational programs and the know-how of childcare support services that our corporate group has gained in Japan.

(iii) Promotion of new learning programs which respond to an expansion in the existing businesses and building of nursery schools and facilities that would be selected by customers through regional cooperation

•We will deploy initiatives to enrich new learning programs (introduction of STEAMS childcare and after-school programs) and expand the future possibilities of children by developing bilingual nursery schools with native English teachers. In addition, we will develop a high-quality fee-based learning program business which responds to deregulation.

•We will promote the “My Nursery School System” (support for those who are about to give birth and raise children) by strengthening cooperation with local communities to develop the childcaring environment.

(iv) Doubling the number of school clubs and children’s houses whose operation we are entrusted with based on the dominant strategies as swiftly as possible

•We strive to double the number of school clubs and children’s houses we operate to 200 as swiftly as possible in order to establish a comprehensive childcare support system that cover infants, toddlers, and school-age children.

(v) New business development to solve the concerns of parents and social issues

•We endeavor to develop a new value creation business as swiftly as possible in cooperation with DUSKIN CO., LTD., one of our business partners.

•We will engage in a lesson business utilizing extracurricular time (English, gymnastics, music classes, etc.)

•We promote programs and experiential learning developed independently by our company for the future of children.

(vi) Proactive promotion of M&As

•While the industry environment is undergoing changes, we will proactively promote M&As for companies in the same industry which consider the future restructuring of the industry, surrounding companies relating to childcare for business expansion and companies for which we can obtain synergistic effects.

2) Reform our profit structure

We will improve profitability by reviewing the business structure, eliminating wasteful operations and improving management efficiency through ICT. We will also further streamline operations by reforming business processes and introducing systems.

(i) Optimization of management and cost reductions

•We will reduce indirect costs through systemization, optimization of staffing, strengthening of income and expenditure management, thorough cost controls, operation by utilizing data, and streamlining of operations by eliminating wasteful operations.

(ii) Strengthening of the revenue base

•We will put into practice various measures to respond to deregulation and changes in the subsidy system.

•As a dominant strategy, we will promote the opening of new nursery schools and the new contracting of school clubs and children’s houses to establish a comprehensive childcare support structure for parents taking care of infants, toddlers and school-age children. We will then optimize staffing, streamline operations and strengthen assistance for childcare support.

3) 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 will strengthen our human resources strategy and group governance to support sustainable growth and superiority.

(i) Human resource development and corporate culture reform

•We will enhance training to build the foundation of human resources and reform our corporate culture by changing awareness. We will then aim to improve employee motivation and lower the turnover rate.

(ii) Sophistication of business management

•We will strengthen our comprehensive management base by implementing company-wide management even more efficiently and effectively. We will achieve that by strengthening our governance, establishing a self-contained business and operational management structure, implementing thorough risk management and improving awareness of compliance.

(iii) Strengthen initiatives for attaining SDGs and environmental improvement

•We will engage in social contribution activities originating from childcare support and environmentally-friendly business operations.