

JP-HOLDINGS, INC.

Financial Results for the 2Q of the Fiscal Year ending March 2020



TSE 1 (2749)

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

◆ Business Environment Surrounding the Company

- Current Waiting List Situation …P4
- Current Nursery School Teacher Shortage Situation …P5
- Business Environment …P6
- Policies for Free Child Education and Childcare …P7
- Medium- to Long-term Business Environment …P8

◆ Medium- to Long-term Corporate Strategy

- Management Policy for FY3/20 …P10
- Target Performance Indicators …P11
- Medium- to Long-term Corporate Strategy …P12
- Long-term Management Vision …P13
- Medium-term Management Plan …P14
-P15

◆ 2Q FY3/20 Results

- 2Q FY3/20 Financial Highlights …P17
- 2Q FY3/20 Factors for Changes in Net Sales …P18
- 2Q FY3/20 Factors for Changes in Operating Income …P19
- 2Q FY3/20 Factors for Changes in Ordinary Income …P20
- 2Q FY3/20 Profit and Loss Statement …P21
- Progress of Business Forecasts for FY3/20 …P22
- FY3/20 Forecast …P23
- 2Q FY3/20 Financial Condition …P24
- 2Q FY3/20 Balance Sheet …P25
- Status of New Openings as of the end of September 2019 …P26
- No. of facilities Operated as of the End of September 2019 …P27
- Changes in the Number of Facilities Operated and the Number of Children Accepted to Nursery Schools …P28

◆ FY3/20 Management Strategy 2Q Progress Report

- FY3/20 Management Strategy …P30
- FY3/20 Measure (1) Recruitment of Nursery School Teachers …P31
 - 【2Q】Nursery School Teachers Recruiting Plan …P32
 - 【Supplementary Material】Annual Salary of Nursery School Teacher …P33
 - 【Supplementary Material】Recruitment of Nursery School Teachers …P34
- FY3/20 Measure (2) “Curb resignations” …P35
- FY3/20 No. of Children Accepted at Facilities (plan) …P36
 - 【2Q】Number of Children Accepted …P37
- Measure (3) Introducing Block System and its Effects …P38
- Measure (4) “Team building” …P39
 - 【2Q】Team Building Activities …P40
- Measure (5) “Develop and promote new business” …P41
- Medium-term Management Plan: Promote New Businesses …P42
- ESG Initiatives …P43

◆ APPENDIX

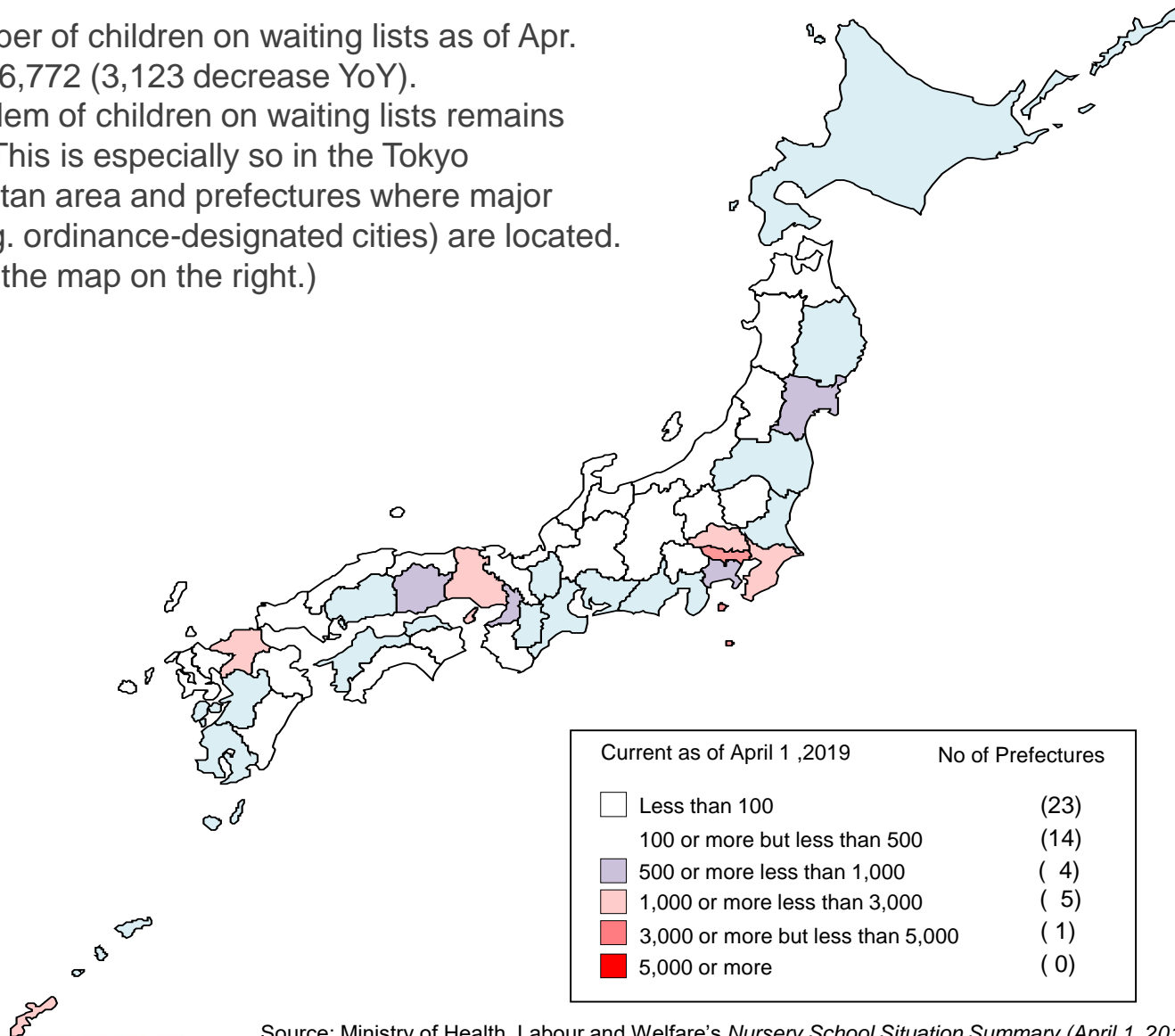
- Company Overview … P46-P51
- Changes in Business Results … P53-P55

Business Environment Surrounding the Company

Current Waiting List Situation

- ▶ The number of children on waiting lists as of Apr. 2019 is 16,772 (3,123 decrease YoY). The problem of children on waiting lists remains serious. This is especially so in the Tokyo metropolitan area and prefectures where major cities (e.g. ordinance-designated cities) are located. (Refer to the map on the right.)

National Waiting List Map (April 1, 2019)

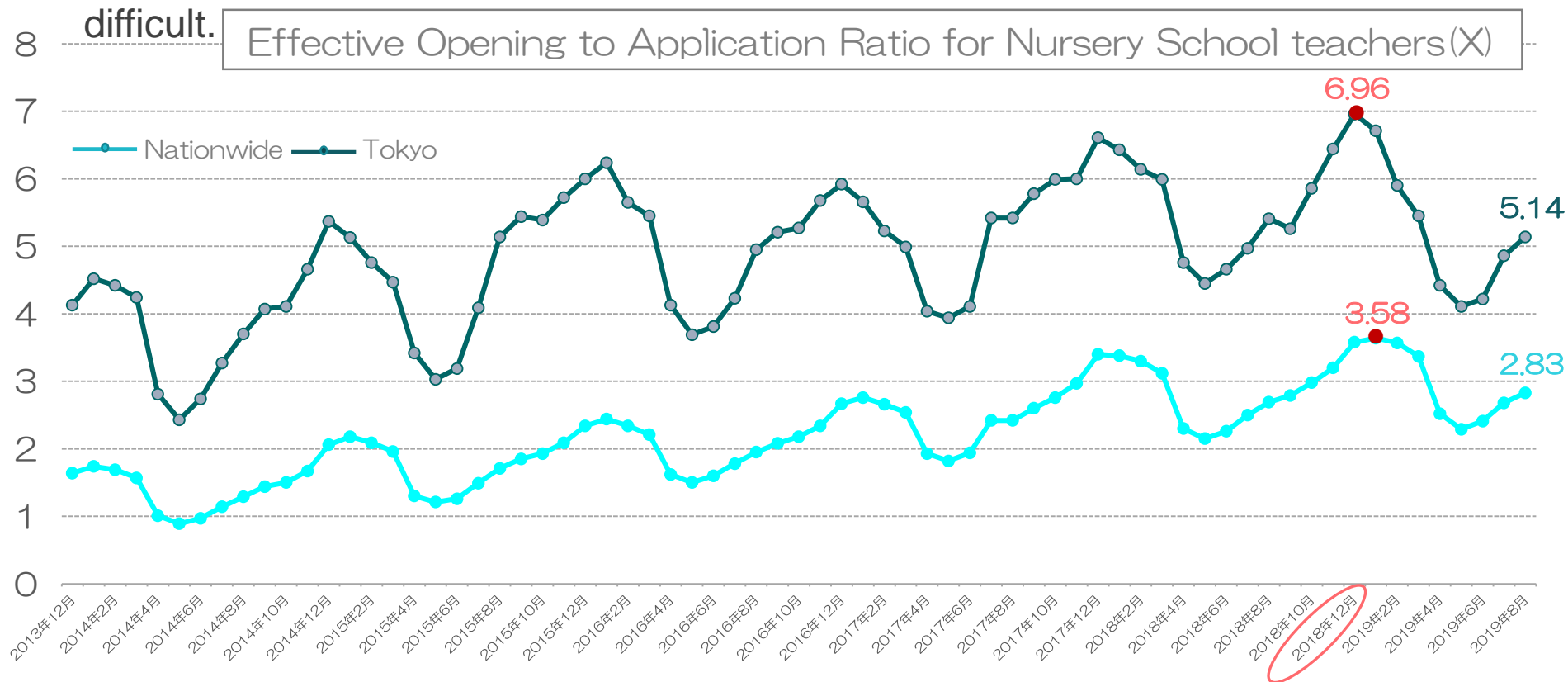


Prefecture	No. of Children on the waiting List
Hokkaido	152
Aomori	0
Iwate	175
Miyagi	583
Akita	65
Yamagata	45
Fukushima	274
Ibaraki	345
Tochigi	52
Gunma	21
Saitama	1,208
Chiba	1,020
Tokyo	3,690
Kanagawa	750
Niigata	2
Toyama	0
Ishikawa	0
Fukui	10
Yamanashi	0
Nagano	80
Gifu	2
Shizuoka	212
Aichi	258
Mie	109
Shiga	459
Kyoto	86
Osaka	589
Hyogo	1,569
Nara	198
Wakayama	54
Tottori	0
Shimane	0
Okayama	580
Hiroshima	128
Yamaguchi	40
Tokushima	73
Kagawa	182
Ehime	103
Kochi	35
Fukuoka	1,232
Saga	24
Nagasaki	70
Kumamoto	178
Oita	25
Miyazaki	43
Kagoshima	349
Okinawa	1,702
Total	16,772

Source: Ministry of Health, Labour and Welfare's *Nursery School Situation Summary (April 1, 2019)*

Current Nursery School Teacher Shortage Situation

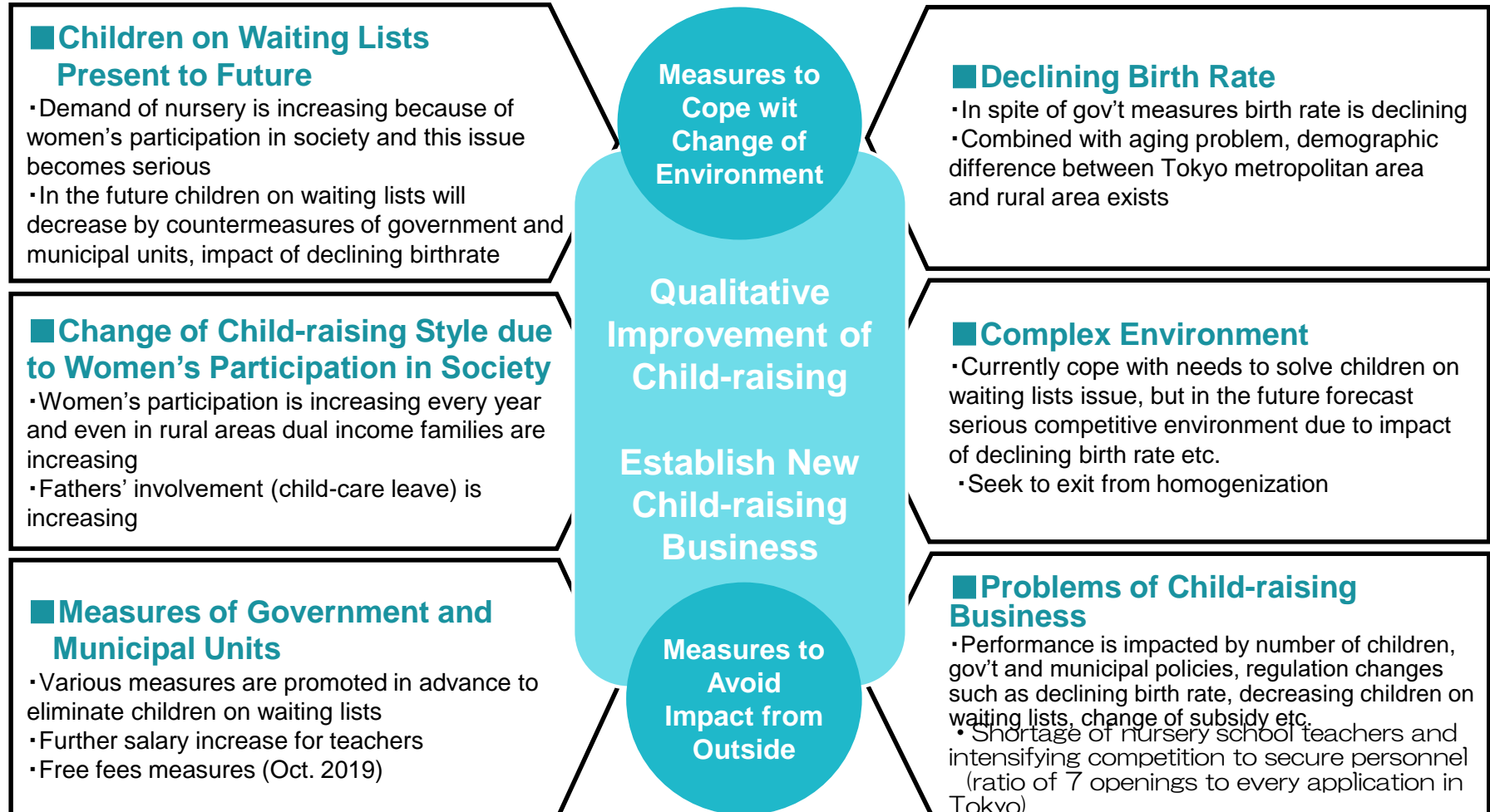
- ▶ The effective opening to application ratio for nursery school teachers remains at a high level. There continues to be a shortage of nursery school teachers on a nationwide scale.
- ▶ The effective opening to application ratio for nursery school teachers in Tokyo is over 6-fold. The employment situation in the metropolitan area remains extremely difficult.



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

Business Environment

Measures to Cope with Current and Future Changes of Environment

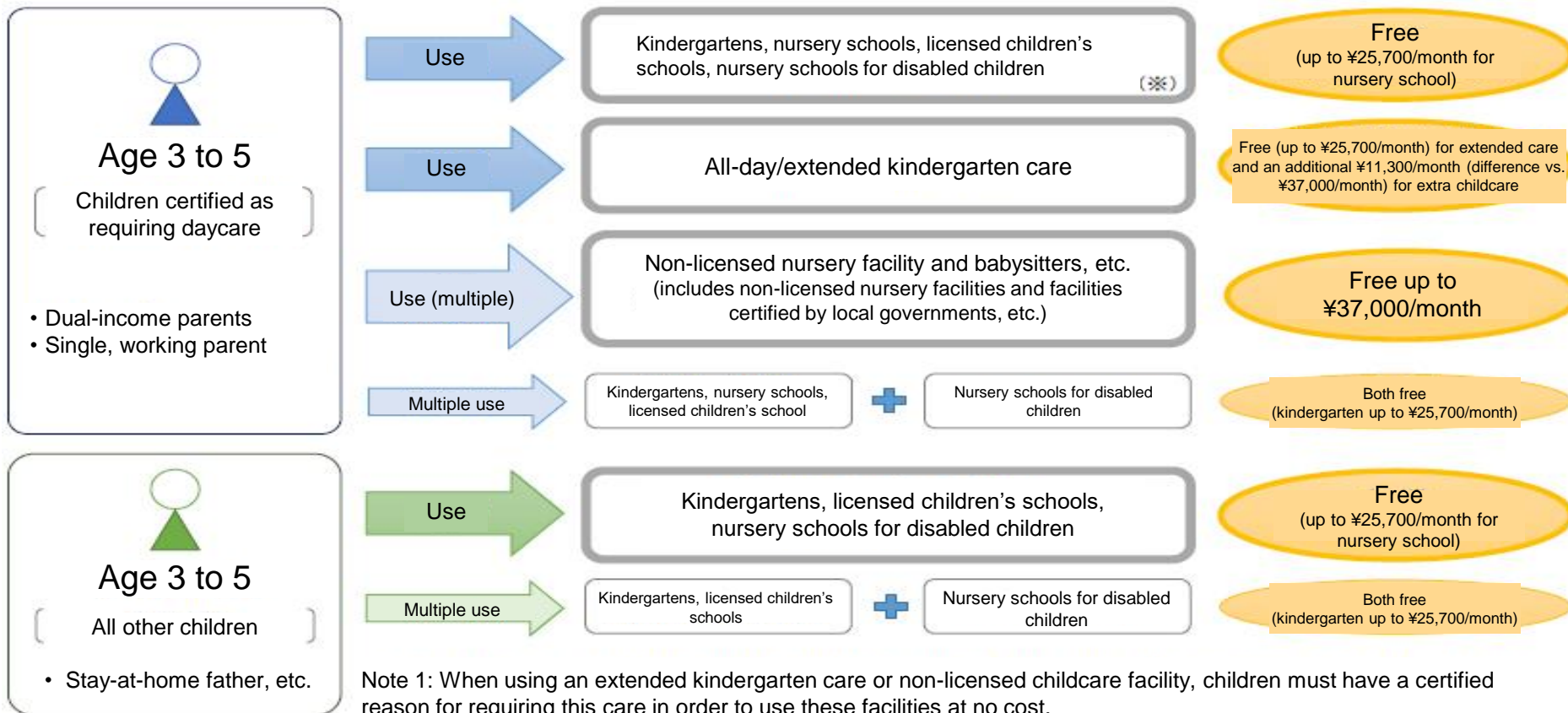


Policies for Free Child Education and Childcare

Japan started free child education and childcare for age 3-5 children from October 2019

Increase demand for child care and improves quality

Source from Ministry of Health, Labour and Welfare



For households that do not pay the residents tax, children from age 0 to 2 can also receive free care up to ¥42,000/month.

Note 2: For non-licensed childcare facilities and babysitters, care is free only when a non-licensed childcare facility notice is submitted and standards of the regulatory authority are satisfied. However, there is a five-year transitional period during which care is free even when these standards are not satisfied.

*This also includes regional childcare and childcare facilities operated by companies (standard utilization fee).

Medium- to Long-term Business Environment

Whereas JPHD's Child-raising Business is achieving growth as various countermeasures are being promoted by government and municipal units to eliminate the problem of children on waiting lists, challenges such as shortages of nursery school teachers and the declining birthrate need to be addressed.

Strengths

- **Competitive advantages as a leading company in child-raising support services**
 - Track record and expertise of the Child-raising Business (size combined with reliability)
 - Approx. 20,000 children, and employment exceeding approx. 6,000 childcare workers
- **Group-wide, comprehensive service structure**
 - Centralized management of the Child-raising Business
- **Safety and security**
 - Framework offering safety and security free of serious accidents

Opportunities

- **Government and municipal units are promoting various measures to eliminate the problem of children on waiting lists**
 - Subsidies are increasing and the business environment is otherwise conducive to opening new facilities
- **Number of service users increasing due to introductions of free early childhood education and childcare beginning in October 2019**
 - Increase in nursery users amid the likelihood of a higher percentage of women in the workforce due to free early childhood education and childcare

Weaknesses

- Programs of government and municipal units, and changes in government policy
 - Effects of changes in programs and government policy on subsidies
 - Effects of systemic changes with respect to operations subject to licensing
- **Chronic shortage of nursery school teachers**
 - Chronic shortage of nursery school teachers caused by factors such as the opening of new facilities to eliminate the problem of children on waiting lists and increasing numbers of children accepted to existing facilities

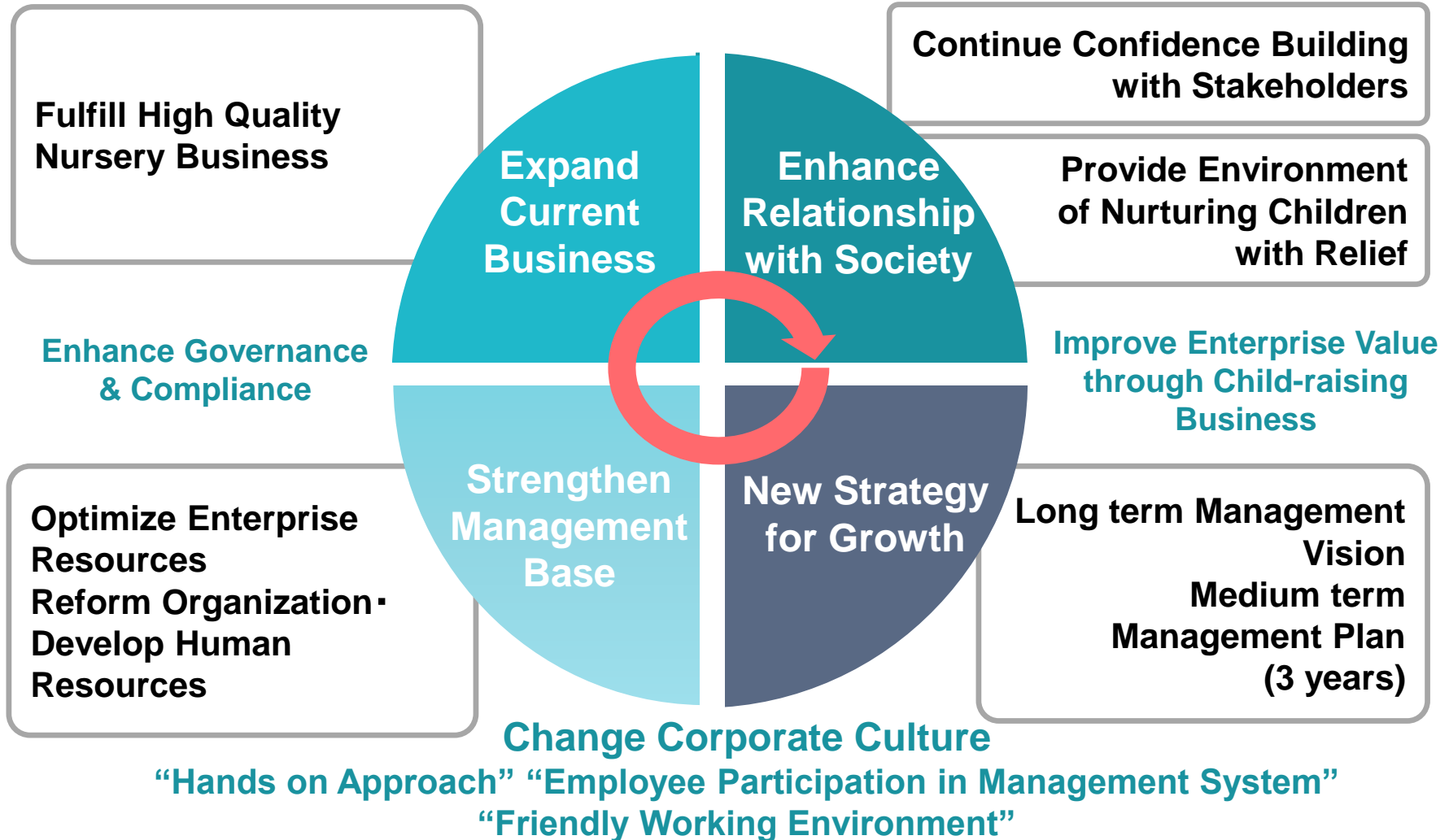
Threats

- Decreasing childcare demand in the future associated with Japan's declining birthrate
 - Guardians are able to be selective due to the declining birthrate
- **Market entry from different industries, M&As**
 - Market entry from players in the education sector, M&As by players from the same and different industries
- **Changes in programs of government and municipal units and government policy**
 - Decrease in subsidies and systemic change

Medium- to Long-term Corporate Strategy

Management Policy for FY3/20

Aiming to provide “the highest quality child-raising support services in Japan”



Target Performance Indicators

Long-term Management Vision 2025: Fulfill Consolidated Sales 100 BYen

Long-term
Management Vision

Aiming to become “the highest quality child-raising services company in Japan”

FY3/25

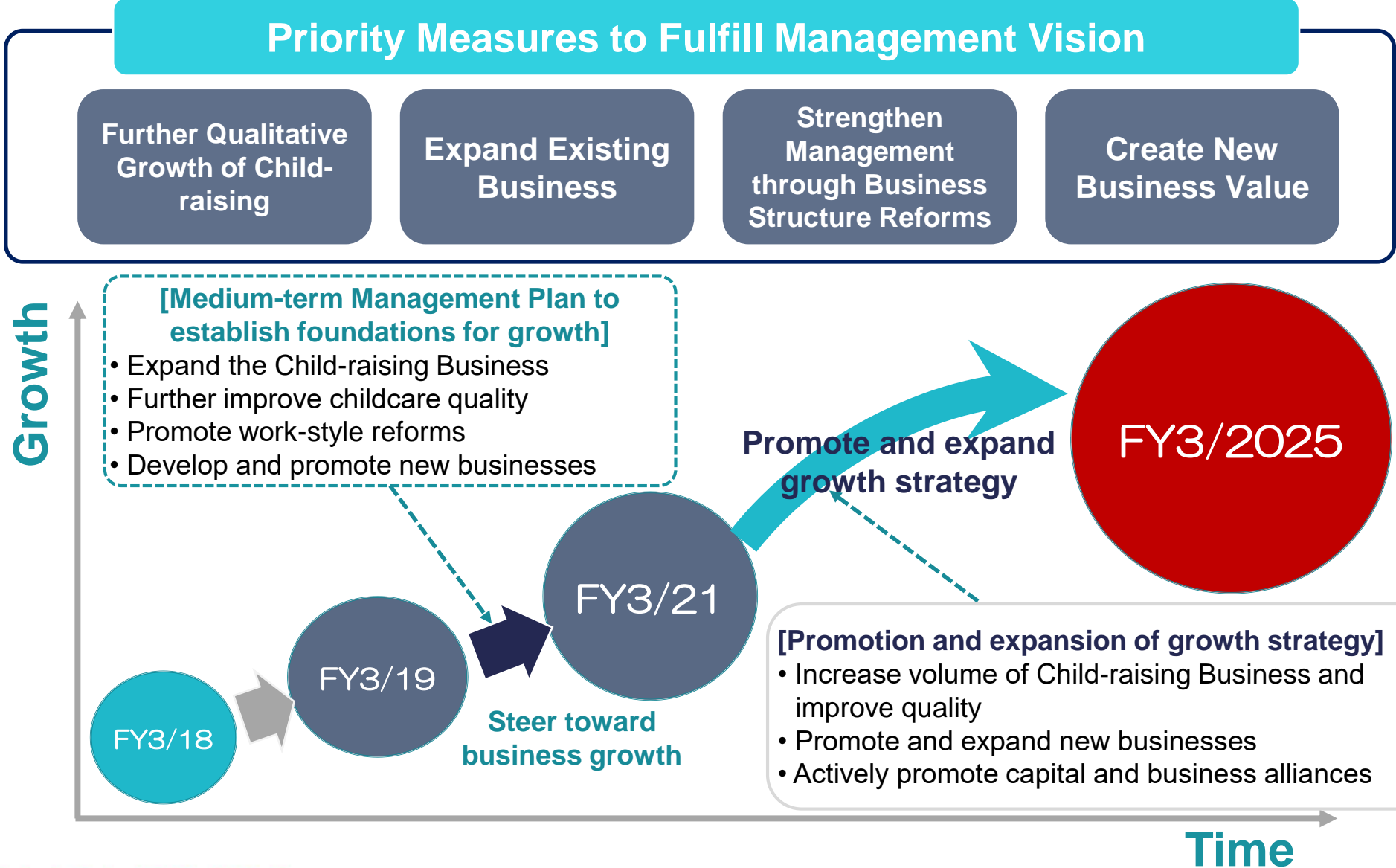
Existing Business	50.0 billion yen
New Business	10.0 billion yen
Business or Capital Alliance	40.0 billion yen

Medium-term
Management
Targets

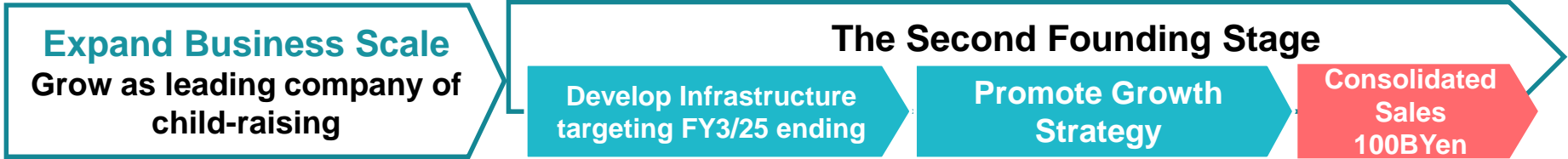
Further improve quality of child raising services
Create new businesses, form alliances and partnerships with nursery enterprises

FY3/20	Net sales 32.0 billion yen
	Ordinary income 2.3 billion yen
FY3/21	Net sales 35.0 billion yen
	Ordinary income 2.7 billion yen

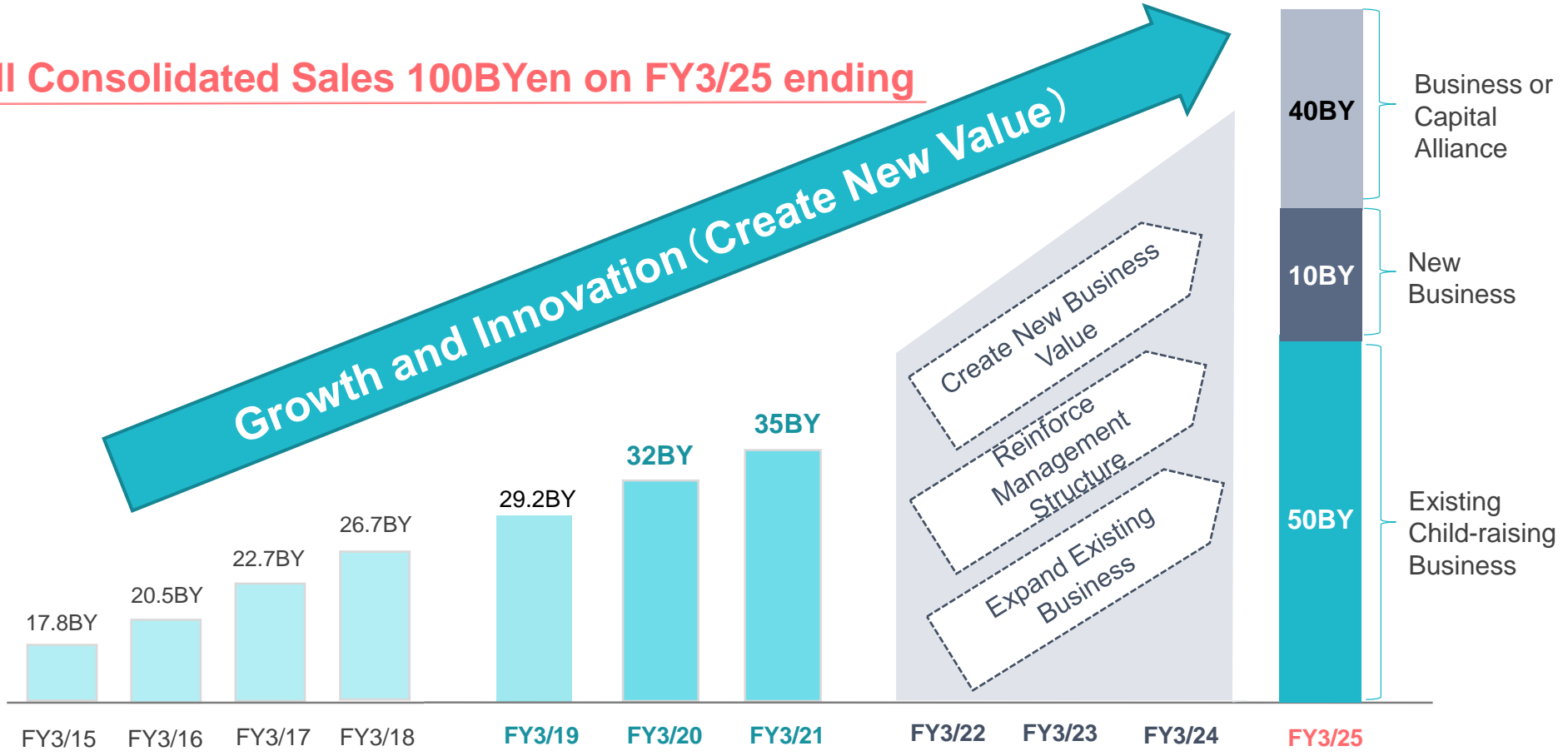
Medium- to Long-term Corporate Strategy



Long-term Management Vision



Fulfill Consolidated Sales 100BYen on FY3/25 ending

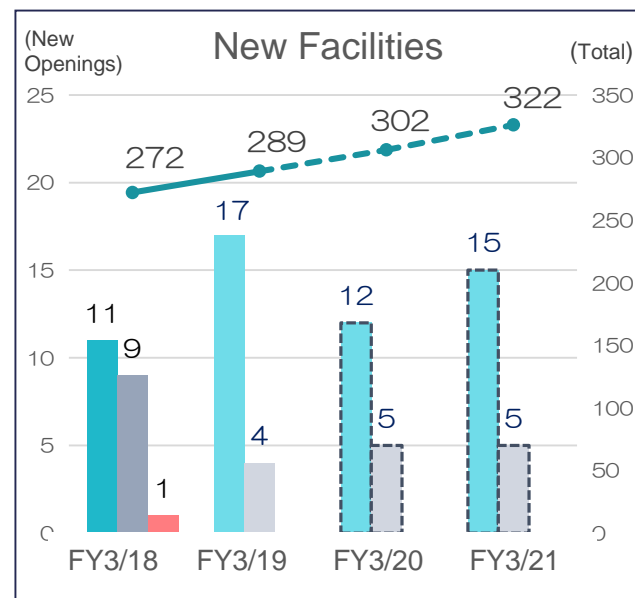
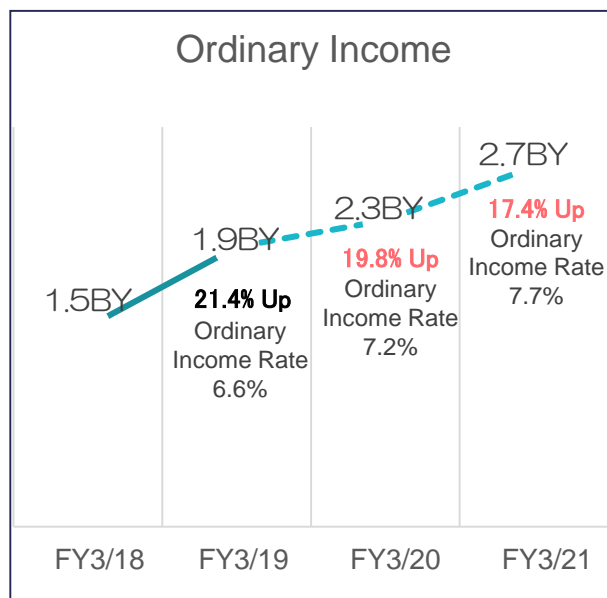
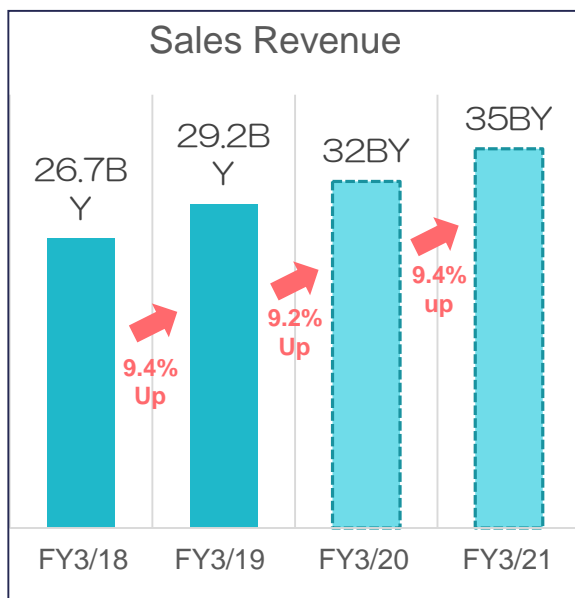


Medium-term Management Plan

Promote to Fulfill Sales 100BY

Medium-term Management Plan

► Forecast (Consolidated)



■ Nursery Schools
 ■ School Clubs, Children's Houses
 ■ Kindergarten (Overseas Facility)
 —●— Total

► Priority measure

1. Strengthen safety measures and further improve the quality of child-raising
2. Increase the number of children admitted by opening new facilities and increasing the number of nursery school teachers at existing facilities
3. Expand investment in human resources (reinforcement of recruitment activities, review of personnel system)
4. Ensure thorough compliance and further strengthen corporate governance
5. Reorganization aimed at improving management and earnings management systems and management efficiency
6. Expand earnings base by developing and promoting new businesses
7. Synergy measures (business alliances and capital alliances) in the child-raising support and education industries

Medium-term Management Plan

▶ Forecast (Consolidated)

	FY3/20	FY3/21
Sales Forecast	32BYen	35BYen
Ordinary Income Forecast	2.3BYen	2.7BYen

▶ Forecast of New Opening

	Nursery Schools		Estimated number of school clubs and children's houses consigned
	Estimated number of openings	Estimated number of children admitted in the first year	
FY3/20	12 facilities	580 children	5 facilities
FY3/21	15 facilities	630 children	5 facilities

*The estimated number of nursery schools, and estimated number of school clubs and children's houses consigned for the fiscal year ending March 2020 includes the number of facilities that were opened in April 2019

2Q FY3/20 Results

2Q FY3/20 Financial Highlights

- ▶ Net sales increased YoY due to the opening of new facilities and an increase in the number of children accepted at existing facilities in line with our plans for recruiting nursery school teachers, as well as an increase in subsidies related to the salary improvement for teachers.

Net sales: 15,517 million yen (up by 8.7% YoY; up by 1,239 million yen compared to the previous fiscal year)

- ▶ **Operating income increased YoY** due to an increase in net sales reflecting an increase in the number of children accepted, as well as the reduction of SG&A expenses through reviewing cost structure.
- ▶ **Both ordinary income and net income attributable to owners of parent increased YoY** due to an increase in net sales and an increase in subsidies related to an increase in the number of the company dormitories' users.

**Operating income: 496 million yen
(up by 194.9% YoY; up by 327 million yen compared to the previous fiscal year)**

**Ordinary income: 744 million yen
(up by 86.4% YoY; up by 345 million yen compared to the previous fiscal year)**

**Net income attributable to owners of parent:
516 million yen (up by 118.9% YoY; up by 280 million yen compared to the previous fiscal year)**

- ▶ Opening of new facilities/Operating facilities

New facilities opened: 10 nursery schools (planned: 12 schools) and 2 school clubs (planned 5 facilities)

Total number of childcare facilities: 297

209 nursery schools, 72 school clubs , 11 children's houses, 4 private children's houses

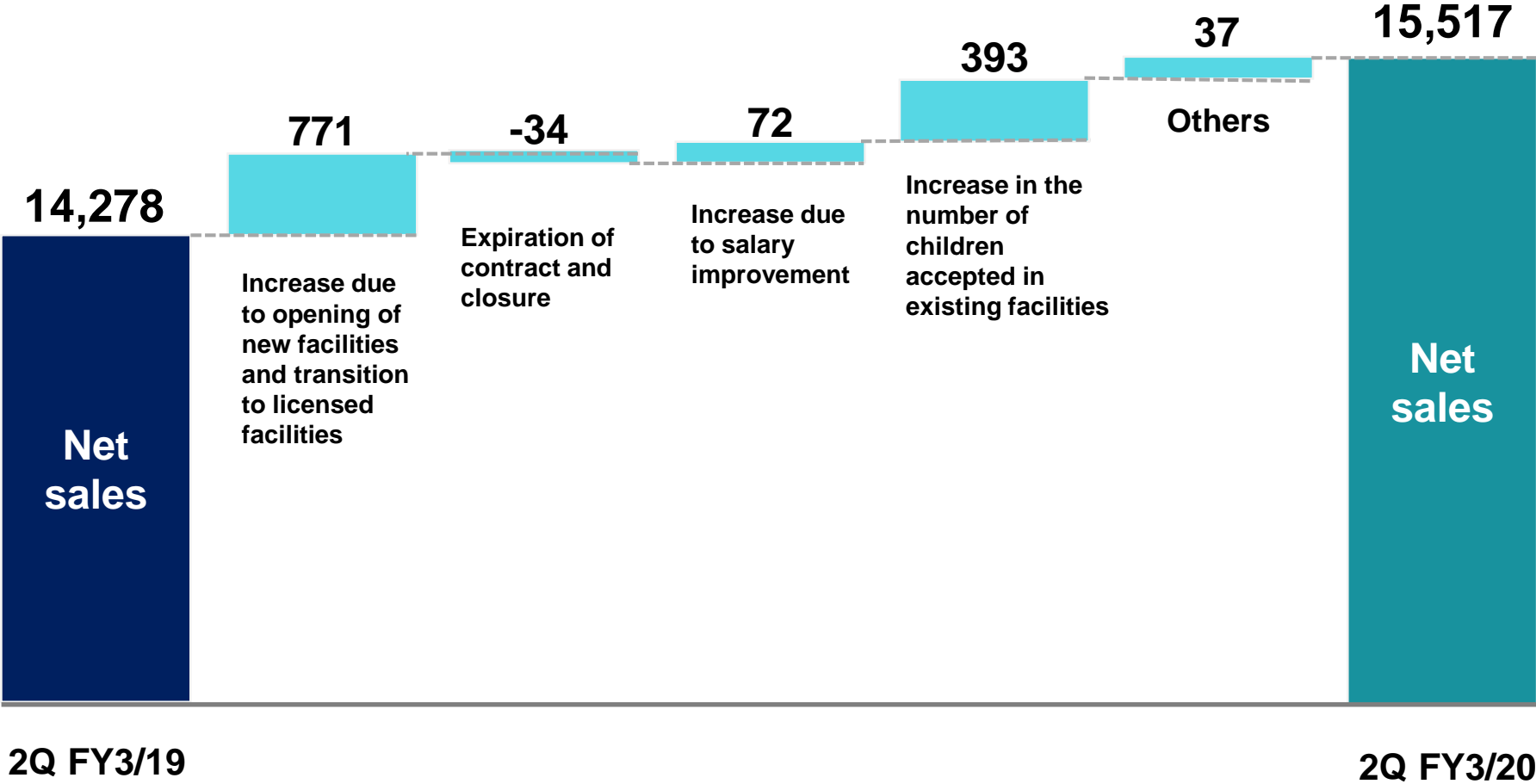
1 kindergarten (overseas)

(Figures are rounded down to the nearest million yen. The percentage change is rounded off to the nearest first decimal point place.)

2Q FY3/20 Factors for Changes in Net Sales

Net sales

Increased by 8.7% due to the opening of new facilities and an increase in the number of children accepted in existing facilities.

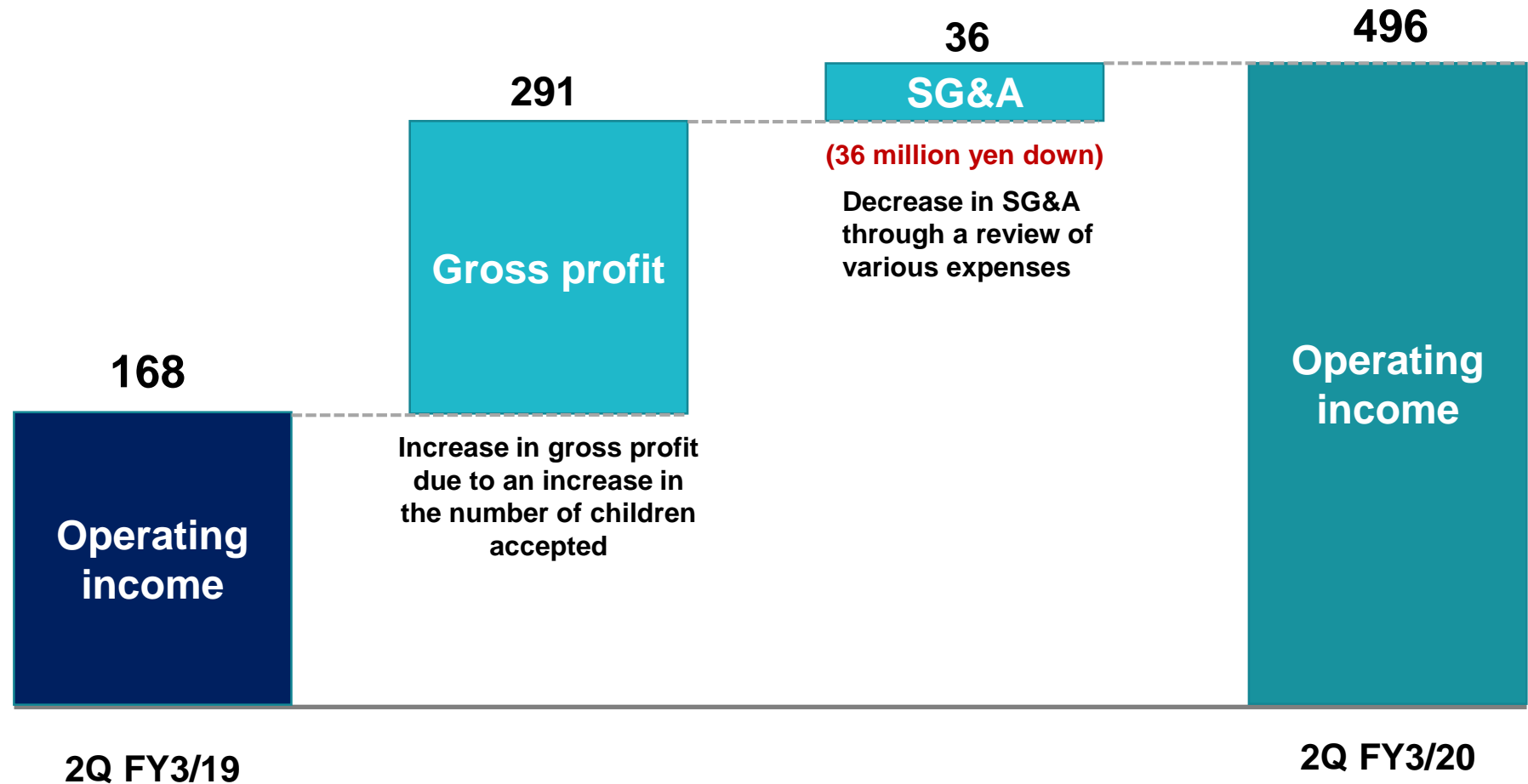


(Unit: million yen/ Rounded down to the nearest million yen.)

2Q FY3/20 Factors for Changes in Operating Income

Operating
income

Increased due to an increase in the number of children accepted and a decrease in SG&A expenses through a review of various expenses

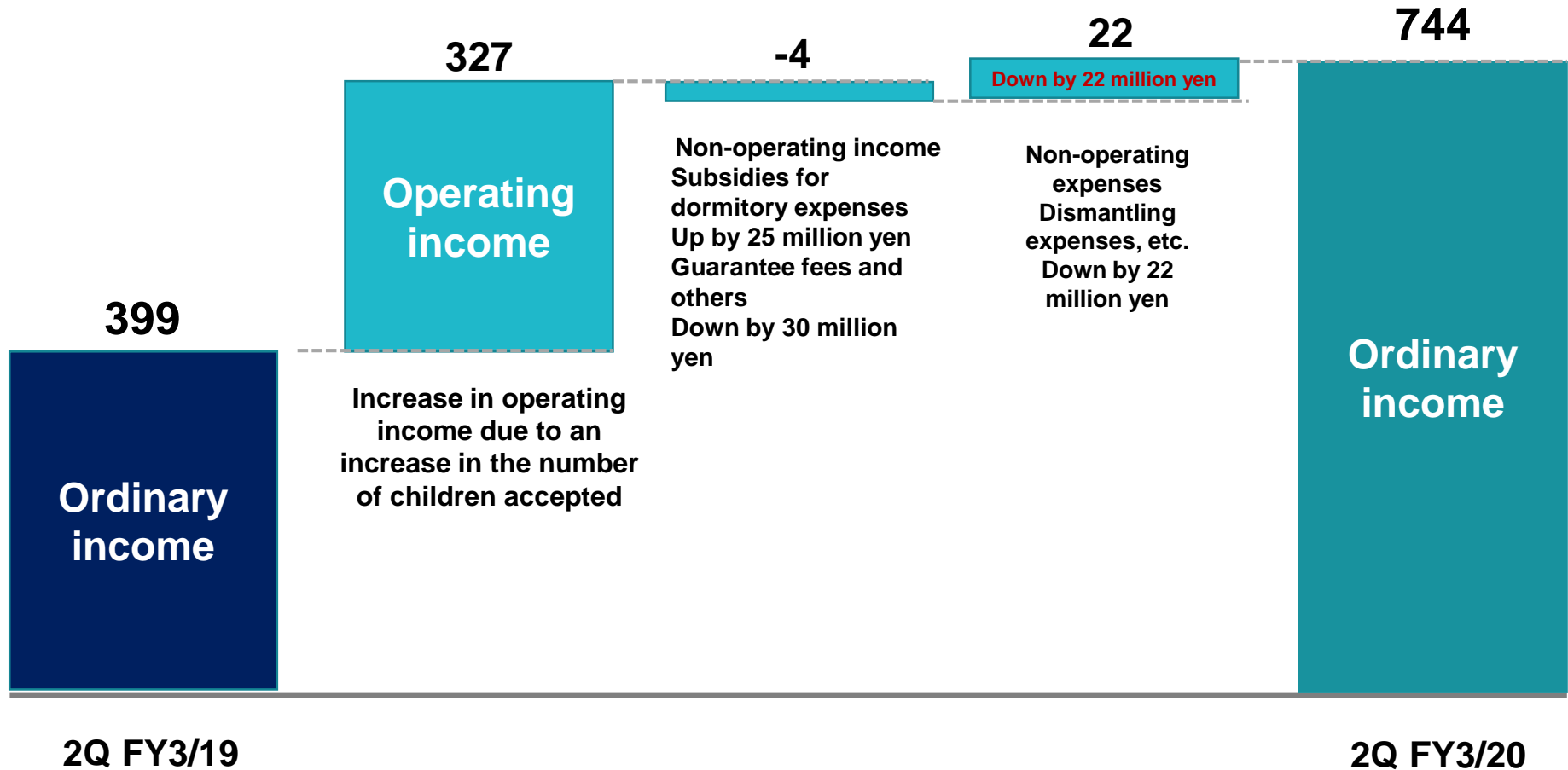


(Unit: million yen/ Rounded down to the nearest million yen.)

2Q FY3/20 Factors for Changes in Ordinary Income

Ordinary
income

Increased due to an increase in operating income and an increase in the number of the company dormitories' users



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

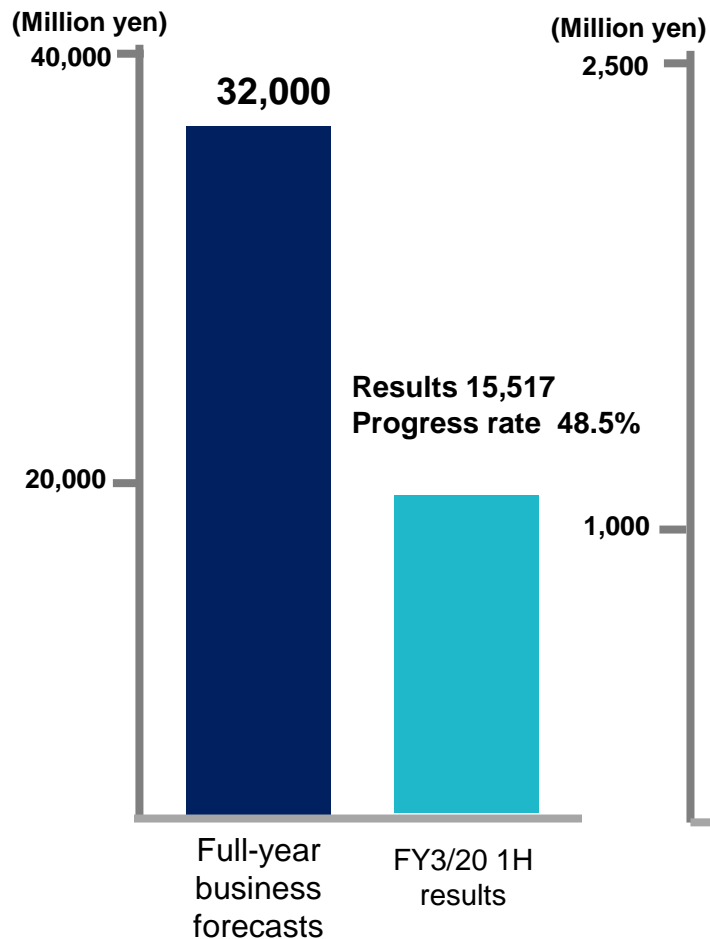
2Q FY3/20 Profit and Loss Statement

	2Q FY3/19		2Q FY3/20		Year on Year Comparison	
	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Component Ratio (%)
Net sales	14,278	100.0	15,517	100.0	1,239	8.7
Cost of sales	12,720	89.1	13,668	88.1	947	7.5
Gross profit	1,557	10.9	1,849	11.9	291	18.7
SG & A expenses	1,389	9.7	1,353	8.7	- 36	- 2.6
Operating income	168	1.2	496	3.2	327	194.9
Non-operating income	296	2.1	291	1.9	- 4	- 1.6
Non-operating expenses	65	0.5	43	0.3	- 22	- 33.6
Ordinary income	399	2.8	744	4.8	345	86.4
Net income attributable to owners of parent	235	1.7	516	3.3	280	118.9

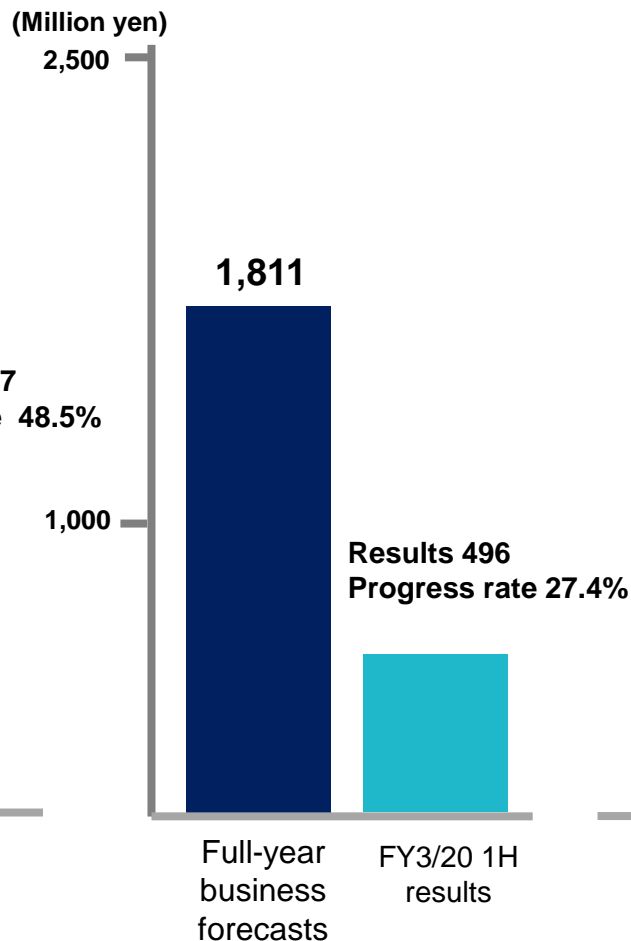
(Unit: million yen/ Rounded down to the nearest million yen.)

Progress of Business Forecasts for FY3/20

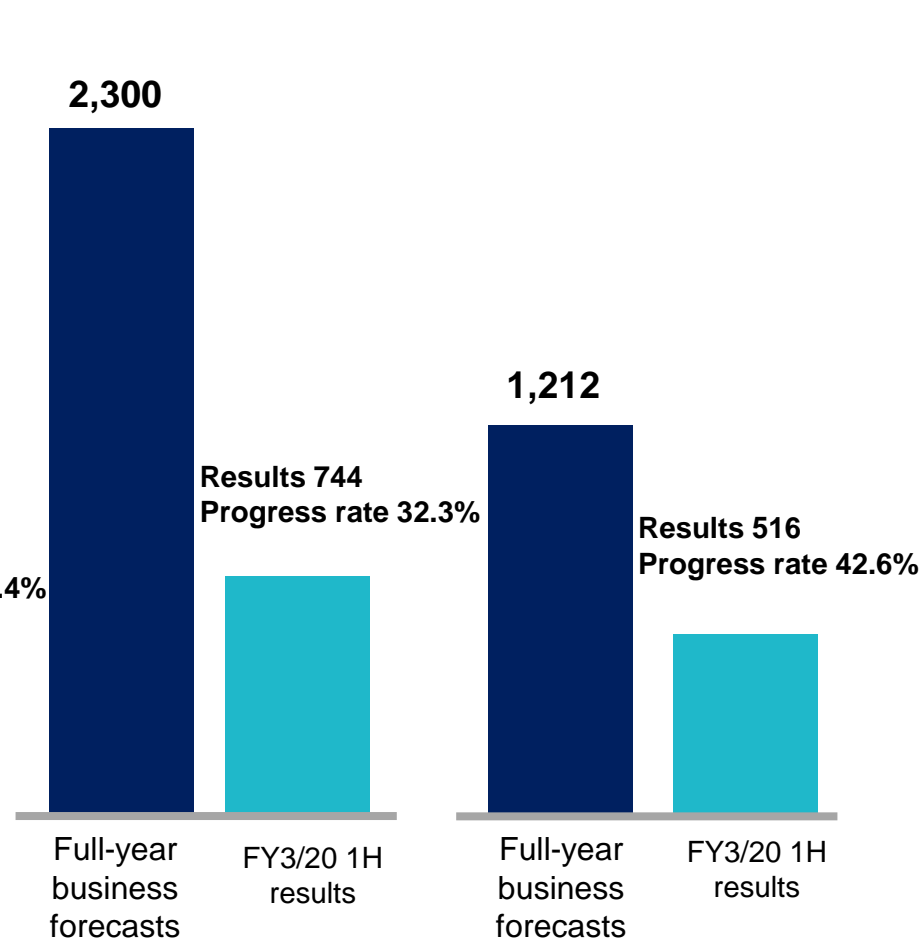
Net sales



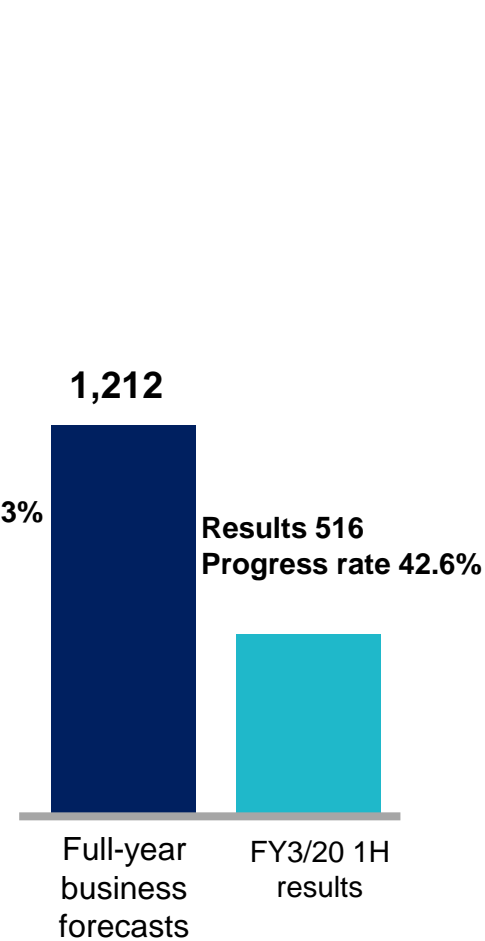
Operating income



Ordinary income



Net income attributable to owners of parent



FY3/20 Forecast

	FY3/19 Actual	FY3/20 Forecast	Change	Year on Year Comparison (%)
Net sales (million yen)	29,298	32,000	2,701	9.2
Operating income (million yen)	1,531	1,811	279	18.3
Ordinary income (million yen)	1,920	2,300	380	19.8
Net income attributable to owners of parent (million yen)	1,071	1,212	141	13.2
Net income per share (yen)	12.44	14.08	1.64	—
Dividends (yen)	3.70	3.90	0.20	—
Dividend payout ratio (%)	29.7	27.7	—	—
Expected opening of nursery school (school)	17	12	- 5	—
Expected consignment of school clubs and children's houses (facility)	4	5	1	—

2Q FY3/20 Financial Condition

Steady progress in repaying borrowings (short-term and long-term) and securing cash and deposits

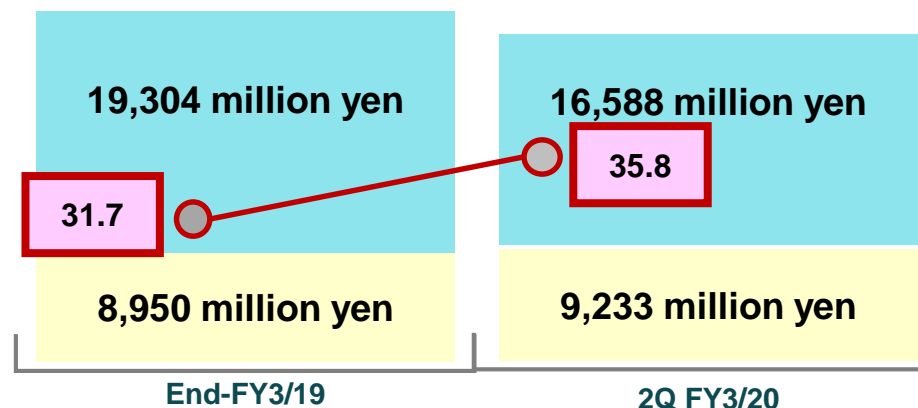
Financial condition

The figures in parentheses at the end of September 2019 differ from those at the end of March 2019

Assets 25,822 million yen (-2,433 million yen)	Liabilities 16,588 million yen (-2,715 million yen)
	Net assets 9,233 million yen (+2821,000,000 yen)

Liabilities, Net Assets, Shareholders Equity Ratio

■ Liabilities ■ Net Assets ● Equity Ratio (%)



Million yen	End of Mar. 2019	End of Sep. 2019
Current assets	10,458	9,511
Fixed assets	17,796	16,310
Total assets	28,255	25,822
Current liabilities	7,880	5,273
Fixed liabilities	11,424	11,315
Total liabilities	19,304	16,588
Total net assets	8,950	9,233

Cash and deposits	- 601 million yen
Accounts receivable	- 81 million yen
Construction in progress	-1,389 million yen
Long-term loans receivable	-108 million yen

Short-term borrowings	-1,500 million yen
Current portion of long-term debt	-513 million yen
Income taxes payable	-227 million yen
Long-term debt	-161 million yen

Retained earnings	190 million yen
Treasury stock	- 81 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.)

2Q FY3/20 Balance Sheet

	(Million yen)	End-FY3/19 (Mar. 31, 2019)	2Q FY3/20	Change
Total current assets		10,458	9,511	-946
Cash and deposits		6,816	6,214	-601
Accounts receivable - other		2,491	2,410	-81
Total fixed assets		17,796	16,310	-1,486
Total tangible fixed assets		9,897	8,537	-1,360
Total intangible fixed assets		342	326	-16
Total Investments and other assets		7,555	7,446	-109
Total assets		28,255	25,822	-2,433
Total Current liabilities		7,880	5,273	-2,606
(Current portion of long-term loans payable)		2,166	1,652	-513
(Accounts payable)		1,570	1,186	-384
Total fixed liabilities		11,424	11,315	-108
Long-term loans payable		10,454	10,292	-161
Total liabilities		19,304	16,588	-2,715
Total net assets		8,950	9,233	282
Total liabilities and net assets		28,255	25,822	-2,433

(Rounded down to the nearest million yen)

Status of New Openings as of the end of September 2019

FY 3/19 New Openings

Nursery Schools	: 17
School Clubs	: 4
Total	: 21

*Nakano-Ehara Kids' Club, Nakano Municipal Saginomiya School Club, Nakano Municipal Yamato School Club and Kita Municipal Akabanenishi 5-chome Children's House closed on the last day of March 2018.

Okinawa:

2 company-led nurseries

- Asc Akebonokaiho Nursery School
- Asc Noborikawa Nursery School

Shiga:

1 licensed nursery school

- Asc Wani Nursery School

Osaka:

1 licensed nursery school

- Asc Soneminami Nursery School

Kanagawa:

3 licensed nursery schools

- Asc Kugenumakita Nursery School
- Asc Minowa Nursery School
- GENKIDS Shinkoyasu Nursery School

Tokyo:

4 school clubs

- Kojimachi Kids' Club
- Taisho Primary School After School Club
- Chofu Municipal Chowa Primary School, School Club
- Wakuwaku Takinogawa Momiji School Club

Chiba:

1 licensed nursery school

- Asc Otakanomori Nursery School

Tokyo:

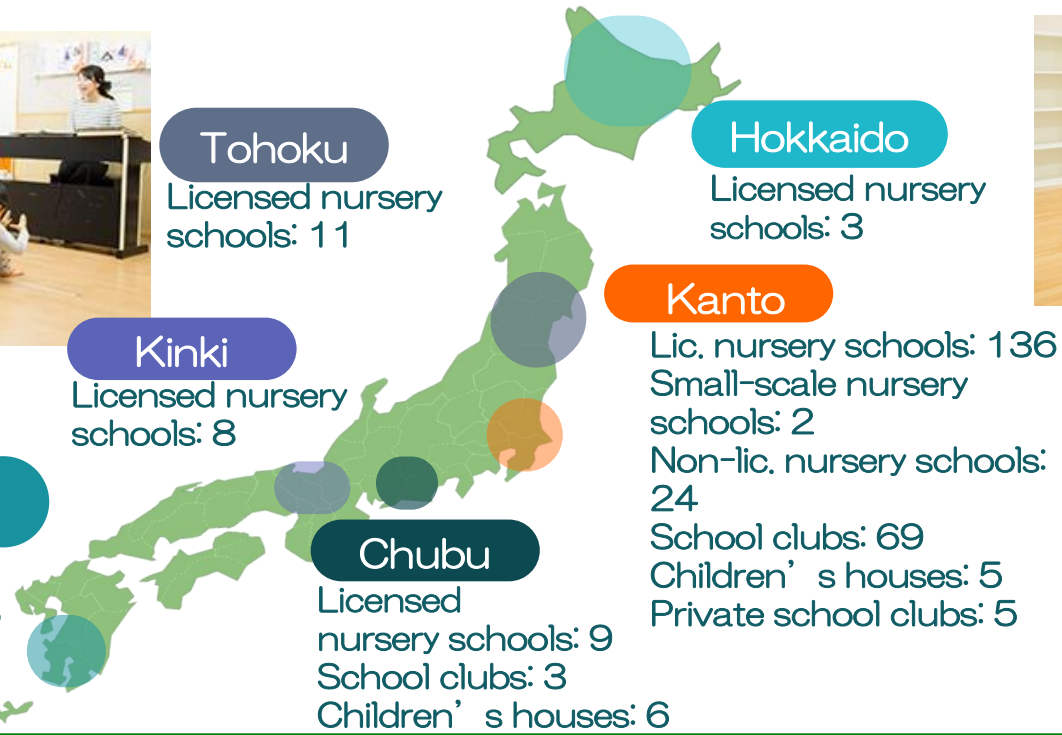
7 licensed nursery schools

- Koto-ku Minamisuna No.4 Nursery School
- Asc Kanamecho Nursery School
- Asc Toneri Nursery School
- Asc Higashikasai Nursery School
- Asc Fuchuhonmachi Nursery School
- Asc Minamikugahara Nursery School
- Asc Yakuoji Nursery School

2 small-scale nursery schools

- Asc Toyotama 1-chome Nursery School A
- Asc Toyotama 1-chome Nursery School B

Operate 297 facilities as of the end of September 2019



Vietna

Kindergarten: 1

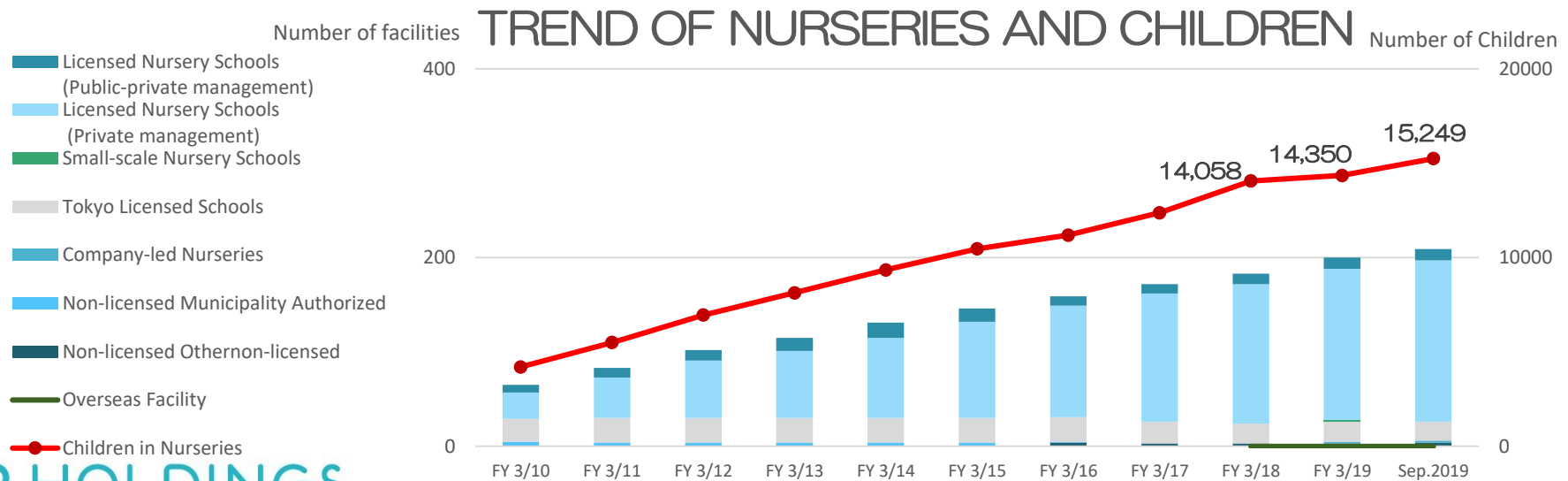
**Nursery schools 209, School clubs 72, Children's houses 11
Private school club 4, Kindergarten (Overseas Facility) 1**

- * Withdrawal from Hoka GO→Club Onarimon and Koto Kids Club Ichikame upon contract expiration on the last day of March 2019.
- * Private school club AEL Yushima closed on the last day of March 2019.
- * Asc Ikegami Nursery School (Tokyo licensed nursery school) became a licensed nursery school, and Asc Toyotama 1-chome Nursery School A, B (small-scale nursery schools) were consolidated into a licensed nursery school on April 1, 2019.
- * Kawasaki Miyamaedaira Nursery School (public-private management) transitioned to private management, operated as Miyamaedaira Nursery School.

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

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	Sep.2019
Licensed Nursery Schools (Public-private management)	8	10	11	14	16	14	10	10	11	12	12
Licensed Nursery Schools (Private management)	28	43	61	71	85	102	118	136	148	160	171
Small-scale Nursery Schools	0	0	0	0	0	0	0	0	0	2	0
Tokyo Licensed Schools	24	26	26	26	26	26	26	23	21	21	20
Company-led Nurseries	0	0	0	0	0	0	0	0	0	2	2
Non-licensed Municipality Authorized	5	4	4	4	4	4	1	0	0	0	0
Non-licensed Othernon-licensed	0	0	0	0	0	0	4	3	3	3	4
Joint Establishment with Amusement Facilities	1	0	0	0	0	0	0	0	0	0	0
School Clubs	26	37	39	40	43	46	55	63	71	72	72
Children's Houses	6	9	7	8	8	8	10	12	12	11	11
Private School Clubs	0	0	0	0	0	0	0	4	5	5	4
Overseas Facility	0	0	0	0	0	0	0	0	1	1	1
Total	98	129	148	163	182	200	224	251	272	289	297

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



FY3/20 Management Strategy 2Q Progress Report

FY3/20 Management Strategy

JPHD will establish a management base geared to achieving the Long-term Management Vision and the Medium-term Management Plan, and develop new businesses.

Increasing the number of children admitted

Opening of new facilities and consignment

Increase rates of capacity utilization at existing facilities



1

Secure nursery school teachers and other professional talent

2

Curb employee resignations

Strengthening management and promotion frameworks

Restructure organization and awareness raising



3

Administer nursery schools by geographic region (introduce regional block framework)

4

Implement team building

Creating new businesses

Develop new businesses and strengthen external sales



5

Develop various forms of content coordinated with the consulting service business and perform test marketing

FY3/20 Measure (1) Recruitment of Nursery School Teachers

Recruitment of nursery school teachers for sustainable growth and solving the problem of children on waiting lists

【Compensation and benefits for nursery school teachers】

- The Company has improved salary for teachers on its own along with improvements made by the national and local governments. The average annual income for nursery school teachers is ¥3,579 thousand nationwide and ¥4,007 thousand at JP-HOLDINGS (increase of ¥428 thousand).
- Examining problems and issues at all facilities and studying ways to improve the workplace environment and personnel systems

【Recruiting】

- Hiring more people in local areas = Seven locations with dormitories costing ¥10,000/month
- Redesigned website with job application section
- Expanded program for applicants introduced by employees
⇒ Employees receive payments if the applicants are hired
- Precisely structured recruiting activities for specific areas and targets

【Promoting Work Style Reform】

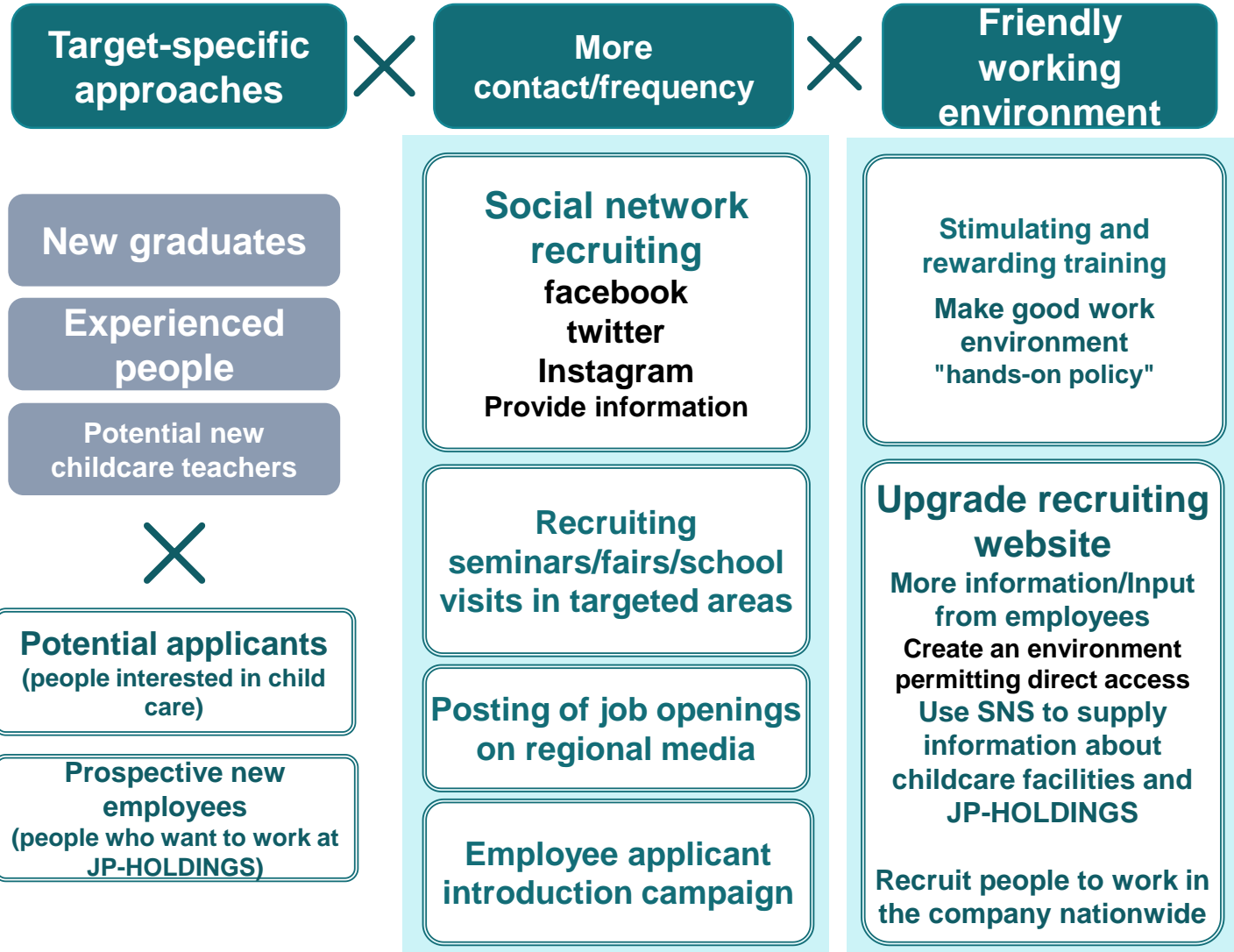
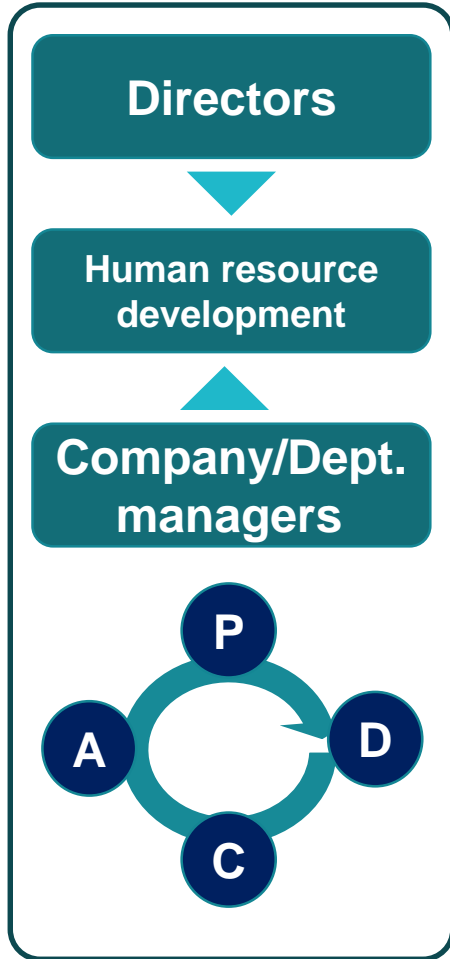
- Use of ICT to reduce the volume of work
- Support system allows teachers to concentrate on childcare
- Reexaminations of human resources system and working conditions
- Priority on solving childcare/classroom problems and creating an environment where teachers can do their jobs with confidence and comfort

[2Q] Nursery School Teachers Recruiting Plan

Increase contact/frequency for each targeted category of prospective applicants as the whole group measure

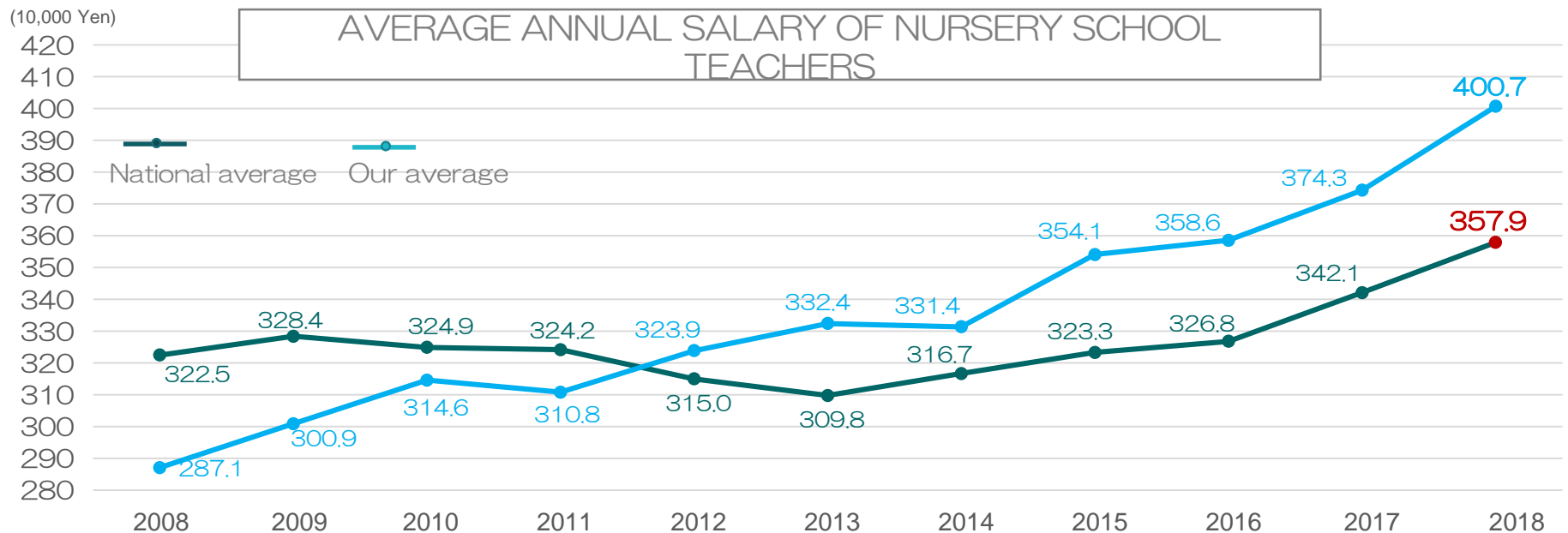
Key whole group measures

Confirm measures/Progress reports



Our Plan to Secure Nursery School Teachers

- ▶ Utilize national and municipal subsidy and continue to improve wages.
- ▶ From Nov 2017, additional measures were introduced ※Provided retroactively from Apr. 2017
 - (1) Implemented salary increase by regions(Max 480 thousand ¥/y)
 - (2) Newly invented salary by roles(Max 480 thousand ¥/y)
 - (3) Salary increase for directors and chiefs of nurseries(300 thousand ¥/y)
- ▶ In FY03/2019, the company paid an annual salary of 4.00 M¥ (average age:31.7) versus the national average of 3.57 M¥ (average age:36.8)



※ As for national average, JPHD made numbers based on Ministry of Health, Labour and Welfare "Basic Survey on Wage Structure"

┌ Contractual cash earnings as of each June 』×12+┌ Annual special cash earnings of each previous year 』

※ JPHD's average annual salary is based on full year base.

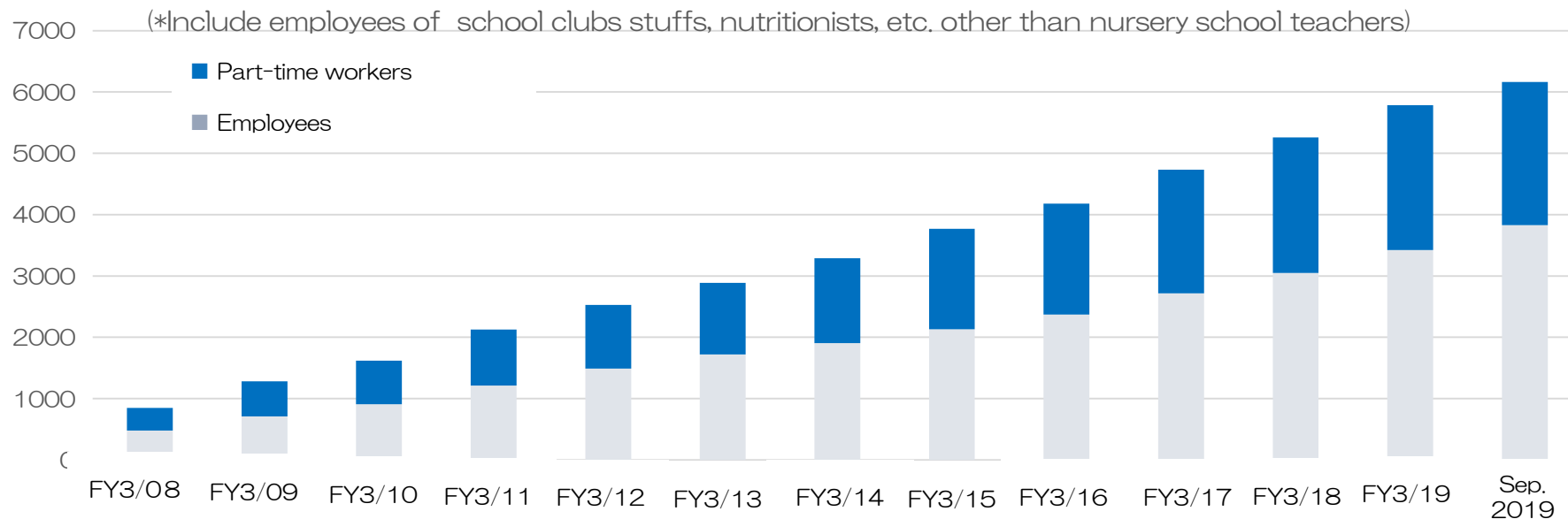
【Supplementary Material】 Recruitment of Nursery School Teachers

		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20 Joined on Apr.1	2019年 期中入社 (4月2日～9月末)
Nursery School Teacher	New Graduates	178	197	247	276	248	—
	Mid career employment	219	241	327	325	145	74 【Plan : 130】
Non qualified	New Graduates	—	23	32	46	26	—

* 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 childrearing Business



FY3/20 Measure (2) “Curb resignations”

Basic Concept

JP Holdings tackle with “Work Style Reform” as entire company to become “Most Friendly Working Company” and promote the improvement of operations and working environment.

Promote a focus on nursery school teachers with sights set on curbing staff resignations and increasing number of children admitted

Directors make rounds of facilities to compile list of issues

- Advisory committee established to address issues**
- Operational improvement and streamlining
 - Improvement of workplace environments
 - Personnel education and training
 - Management philosophy and childcare policy

Personnel and labor improvements

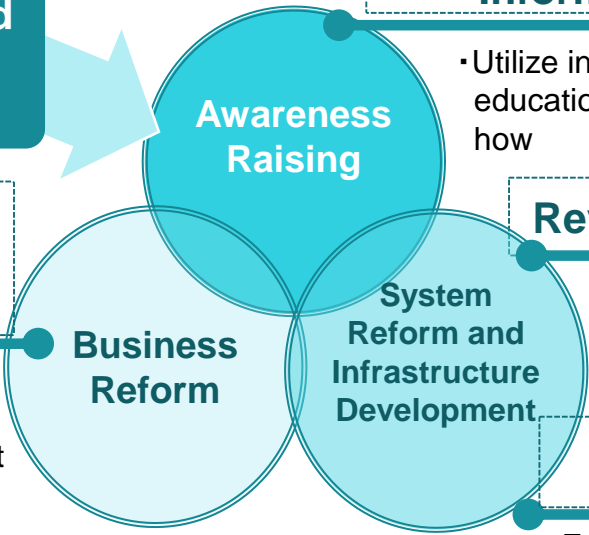
Measures based on voices of fields

Efficient Operations and Improvement of Working Environment

- Establish advisory committee for efficient operations and improve working environment
- Personal system and labor management

Transmit and Share Information

- Utilize internal meetings and PR to fulfill educational activities and sharing know-how



Revise Personnel System

- Enable career up in system
- Revise warfare system
- Revise work system

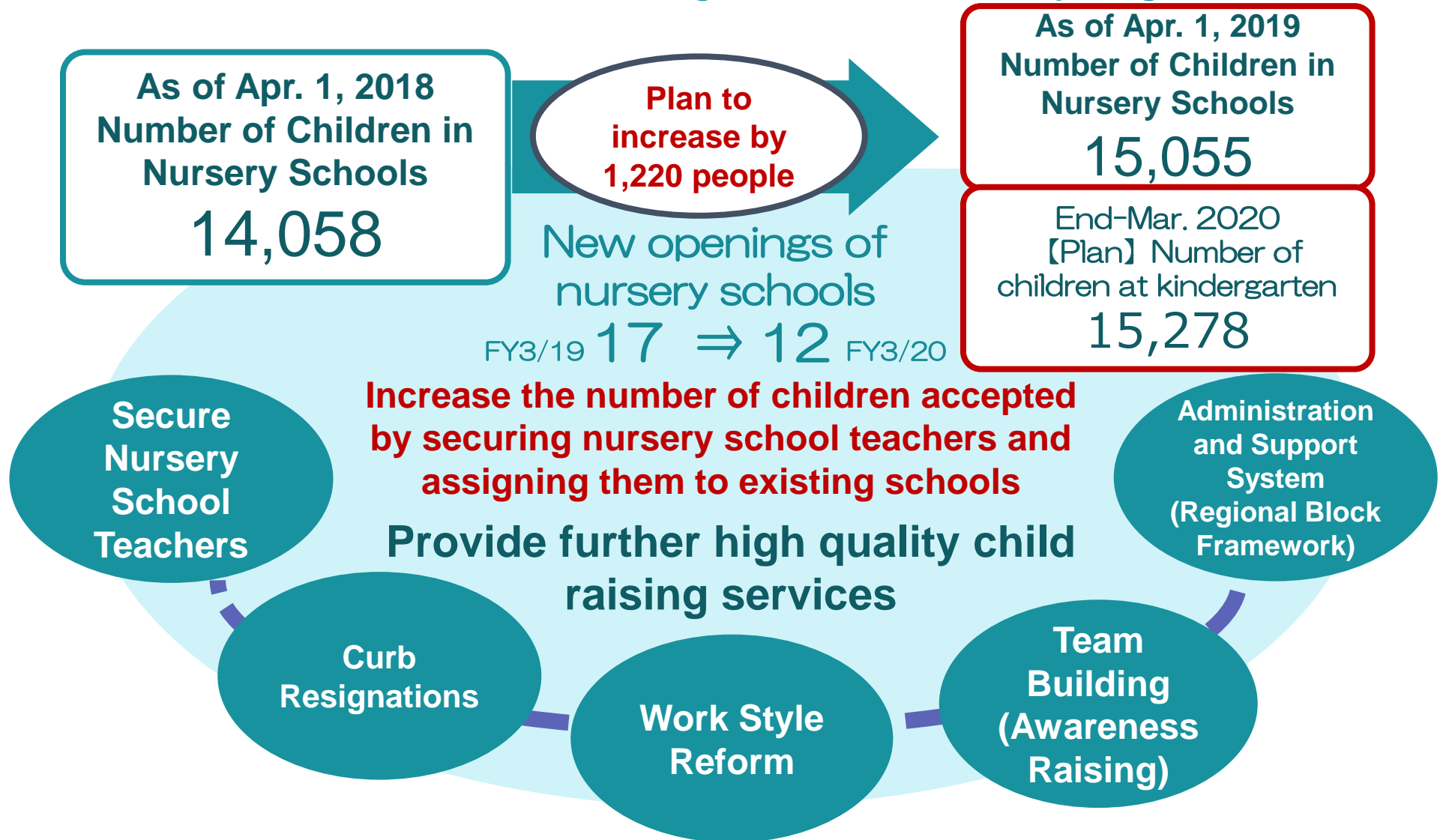
Infrastructure Development

- Equip IT system
- ICT etc.

Fulfill Friendly Working Environment
Improve Employees Motivation

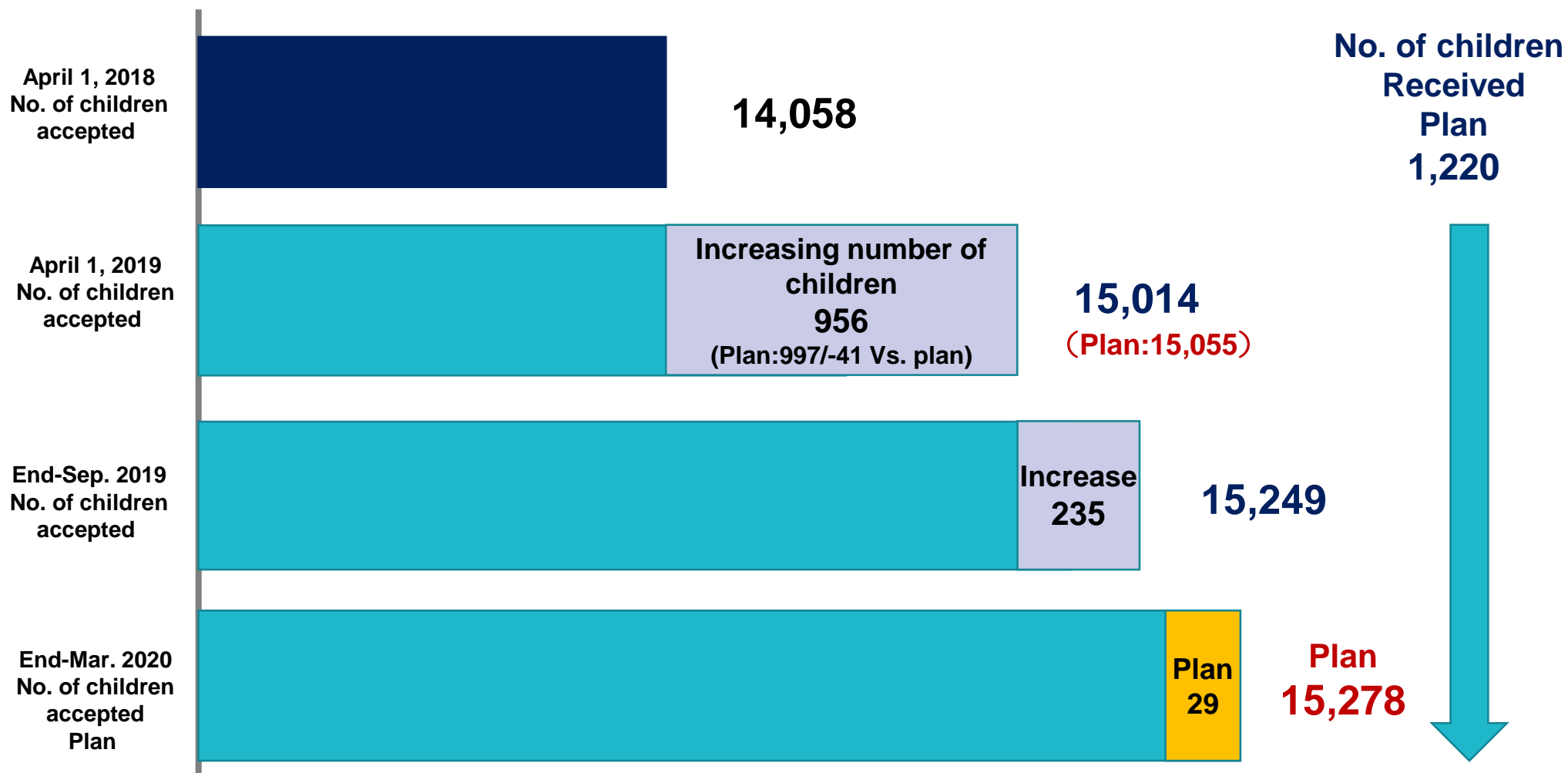
FY3/20 No. of Children Accepted at Facilities (plan)

Increase the number of children accepted at existing facilities by securing nursery school teachers, rather than sticking to the notion of new openings



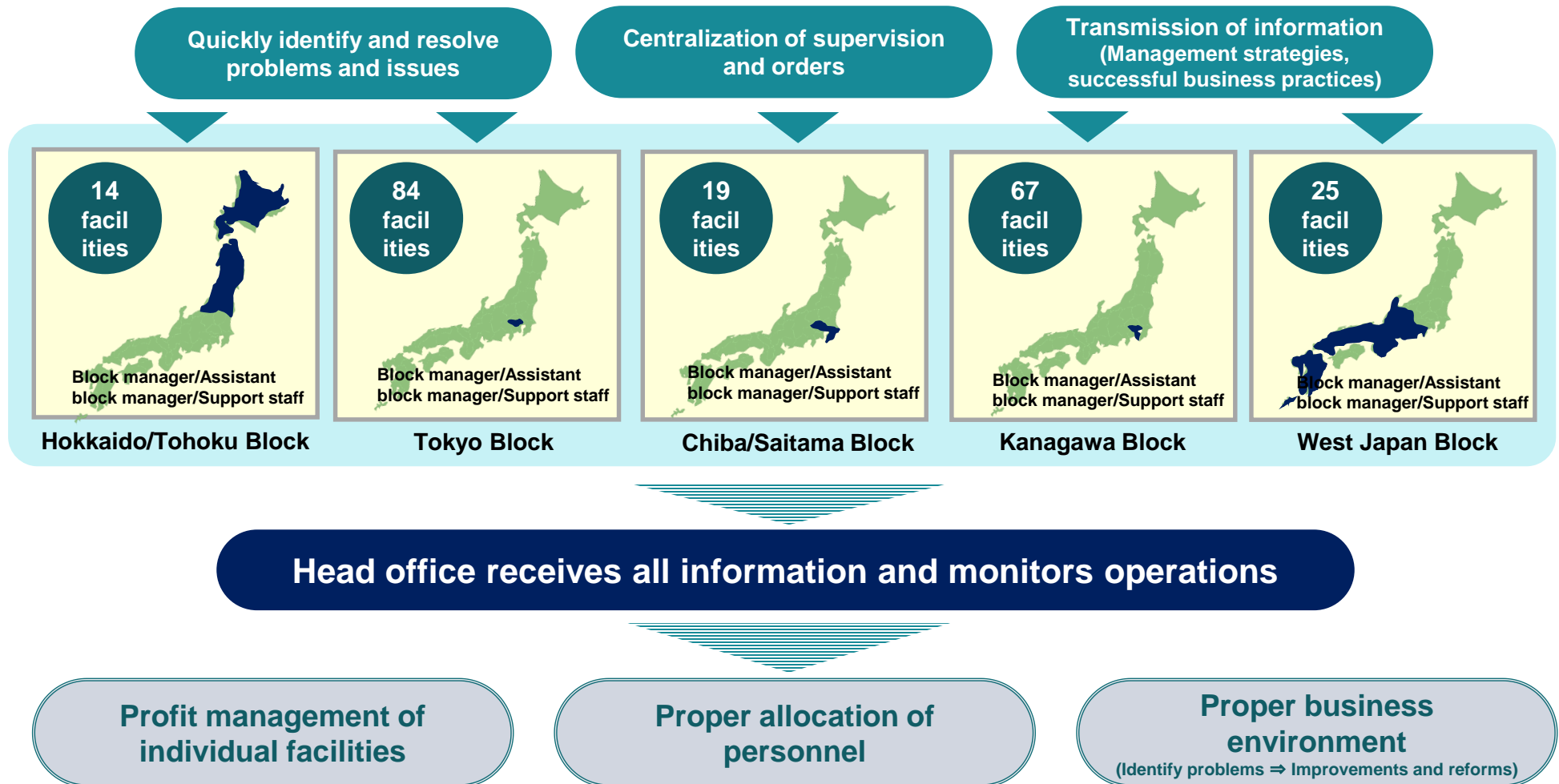
【2Q】 Number of Children Accepted

Although the number of children accepted on April 1, 2019 was 956 slightly below the plan (-41 vs. plan)
Increase of 235 children during the period to 15,249 children at the end of September 2019



[2Q] Measure (3) Introducing Block System and its Effects

Nursery schools have been divided into five blocks in Japan to strengthen operations and administrative functions for higher profitability.



FY3/20 Measure (4) “ Team building”

With its sights set on attaining sustainable growth, JPHD will improve its results through organizational innovation brought about through team building that involves combining mutual opinions and ideas, and gaining first-hand experience.



* The term “team building” refers to initiatives where those involved aim to unite as a team while each member independently draws on his or her capabilities and diversity for the purpose of achieving the team’s goals and objectives.

【2Q】 Team Building Activities

Use team building to create a corporate culture that encourages cooperation

Use training and other actions to alter thinking and foster a positive culture

JP Awards 2019

- Awards are for solutions to problems at the head office, nursery schools, school clubs and individual departments and childcare facilities
- An annual event is held for presentations of solutions
- Awards are used as ideas to make improvements

JP Academy

- The academy holds events on a regular basis where prominent individuals in a variety of fields give presentations and other educational activities take place
- Increases the motivation and ability to learn
- Participants acquire a broad range of knowledge

Effects of team building

Better communication

Higher motivation

Innovation

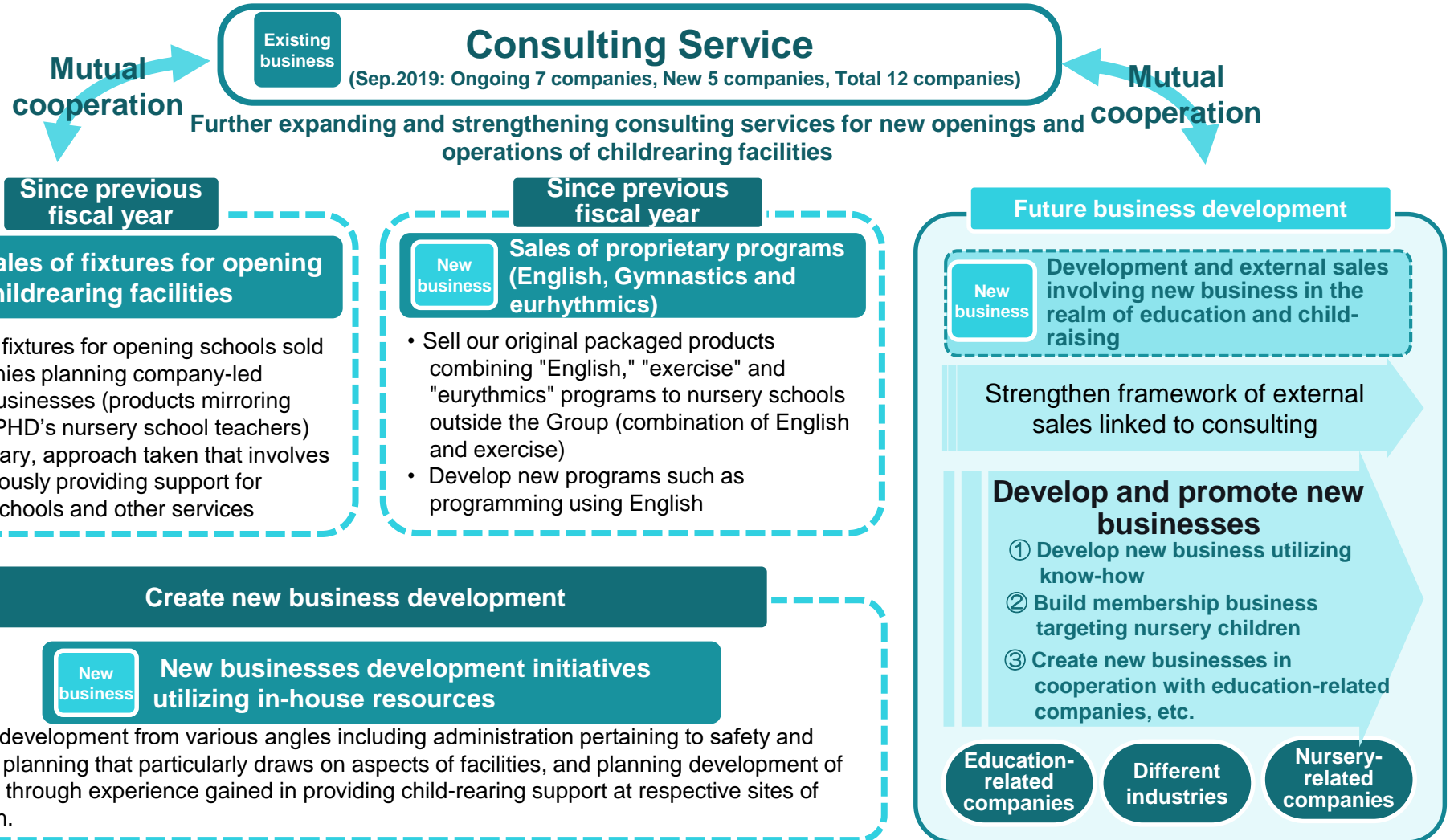
Improve/reform business processes

Create new businesses

Improve/reform workplace environment

FY3/20 Measure (5) “Develop and promote new business”

JPHD will promote external sales utilizing the Group’s know-how and will develop new businesses.



Medium-term Management Plan: Promote New Businesses

Aim of Membership Services

With keywords “Discovery”⇒”Learn”⇒”Use”, we provide various hands on programs to prompt healthy growth of children, develop every single child’s personality, exploit his/her ability

Examples of program

Planning of Hands on Tour which is Different from Ordinary Camps and Tour by Focusing on “Discovery” “Learn” “Create” etc.

Examples of program

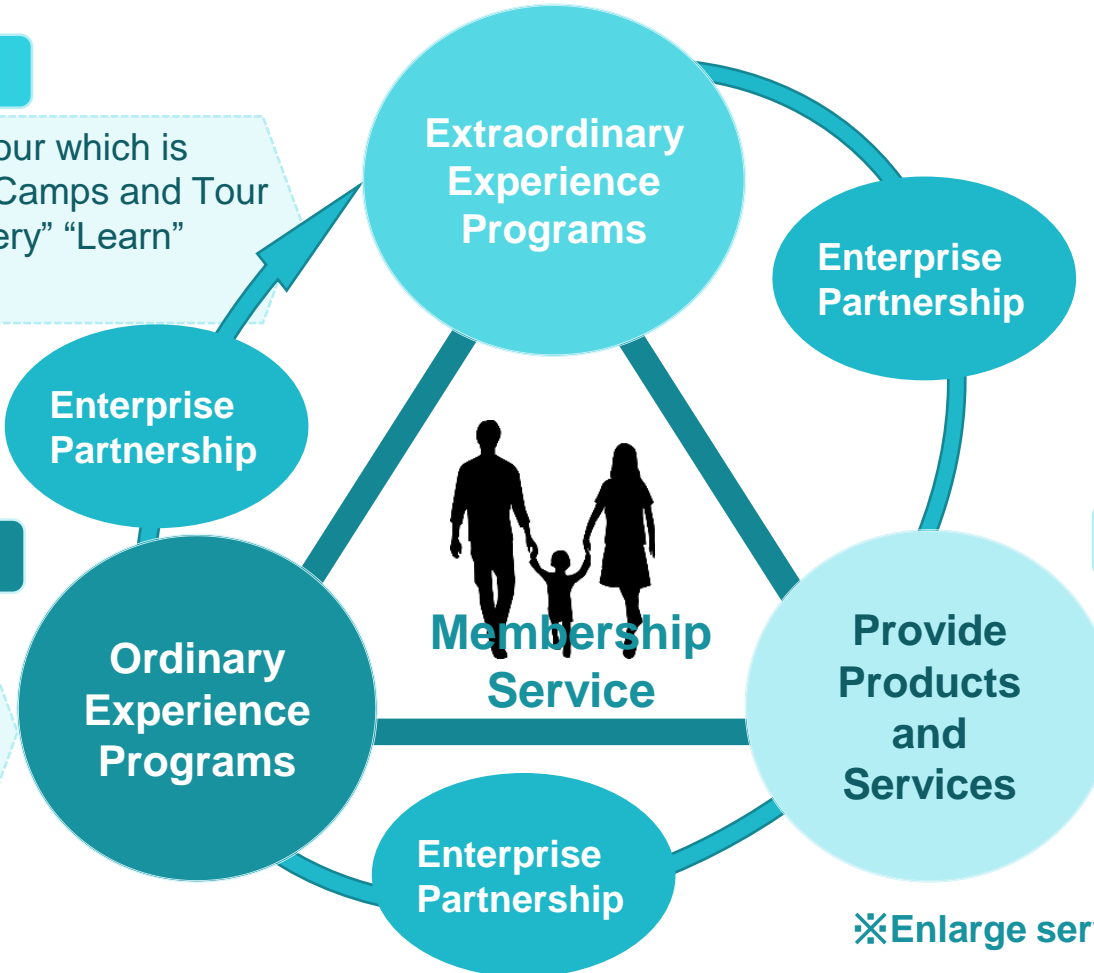
Provide Customized Lessons of English, Gymnastics, Eurhythmics etc.

【Progress Status】

- Creation of member persona
- Consider of service ideas
- Promote strategic alliance

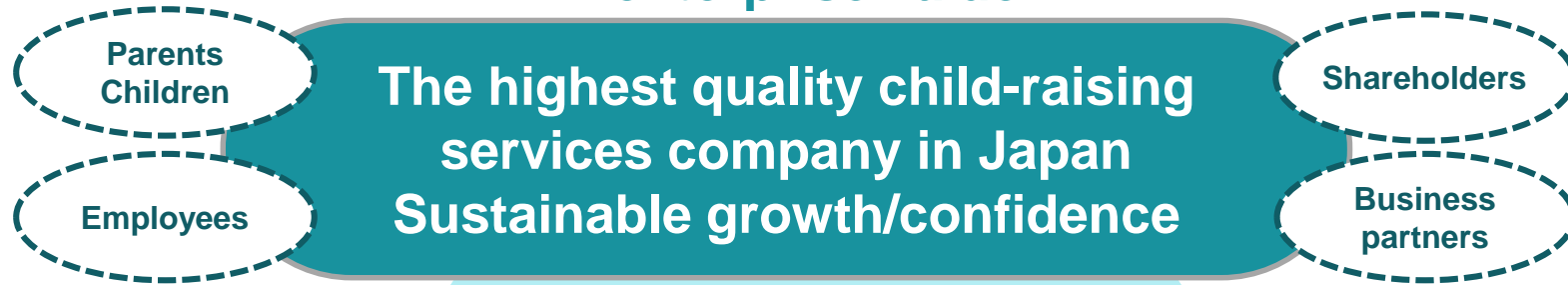
Examples of program

Support Purchasing of Necessities and Provide Services depending on age etc.



※Enlarge services in series

ESG initiatives to achieve sustainable growth and improved enterprise value



E Environment

- Environmental pollution
- Global warming, etc.

- **Equipment for environmentally sound facilities**
 - LED lighting
 - Yukarela floor-wide radiant air cooling and heating system
 - Ecocarar material that reduces harmful substances
 - Solaton ceiling materials with Eco Mark certification

S Social

- Improvements in working environment
- Contribution to local societies, etc.

- Work Style Reforms
 - Improvement in addressing issues affecting the workplace environment upon establishing an advisory committee
 - Improvement in salaries/benefits of on-site employees
- Helping facilitate women's participation in society in terms of addressing the issue of childcare facility waiting lists by opening childcare facilities in respective regions

G Governance

- Fair and transparent governance system
- Internal control

- Three Outside Directors and four Outside Audit and Supervisory Board Members acting as independent officers
- Harassment eradication declaration
- Development of risk management practices
- Compliance Committee
- Internal whistle-blowing system
- Compliance training

Appendix

Company Overview

Profile

Company Name	JP-HOLDINGS, INC.
Listed Market	First Section of the Tokyo Stock Exchange (Securities code: 2749)
Location	Head Office: 17F Chikusa New Tower Bldg., 3-15-31 Aoi, Higashi-ku, Nagoya-shi Aichi Tokyo Office: 5F Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku Tokyo
Date of Establishment	March 31, 1993
Capital	1,603.955 million yen
Representative	Koichiro Furukawa, President and Representative Director
No. of Employees	Employees: 3,481 / Part-time workers: 2,520 *As of March.-end 2019
Consolidated Subsidiaries	Japan Nursery Service Inc. (Capital stock: 99 million yen / Wholly owned subsidiary)
	J Kitchen Inc. (Capital stock: 10 million yen / Wholly owned subsidiary)
	J Cast Inc. (Capital stock: 10.4 million yen / Wholly owned subsidiary)
	J Planning Sale Inc. (Capital stock: 10 million yen / Wholly owned subsidiary)
	Japan Nursery Institute for General Research Inc. (Capital stock: 10 million yen / Wholly owned subsidiary)
	Amenity Life Inc. (Capital stock: 70 million yen / Wholly owned subsidiary)
Business Areas	COHAS VIETNAM CO., LTD (Capital stock: 6,834,million VND / Wholly owned subsidiary)
	Nursery Service (Japan Nursery Service, Amenity Life, and COHAS VIETNAM)
	Gymnastics, English and Eurhythmics Schools Contracting Service (J Cast)
	Food Service (J Kitchen)
	Distribution Service (J Planning Sale)
	Researching , Training and Consulting Service (Japan Nursery Institute for General Research)

Corporate Philosophy

▶ Corporate Message

For the smiles of children...

Smiles of children: This is our pride that cannot be replaced. We always provide childcare where children who will lead the future can develop generosity as well as words and emotions to express themselves in a safe environment.

We strive for continual self-improvement to be models to children. We also strive to connect with children with passion and a sense of responsibility, and to acquire strong ethical values and social conscience.

▶ Management Philosophy

- 1.Number one priority: Safety and security
- 2.Childcare that remains memorable forever to users
- 3.Provision of high-quality services needed by users
- 4.Creation of work-friendly environments

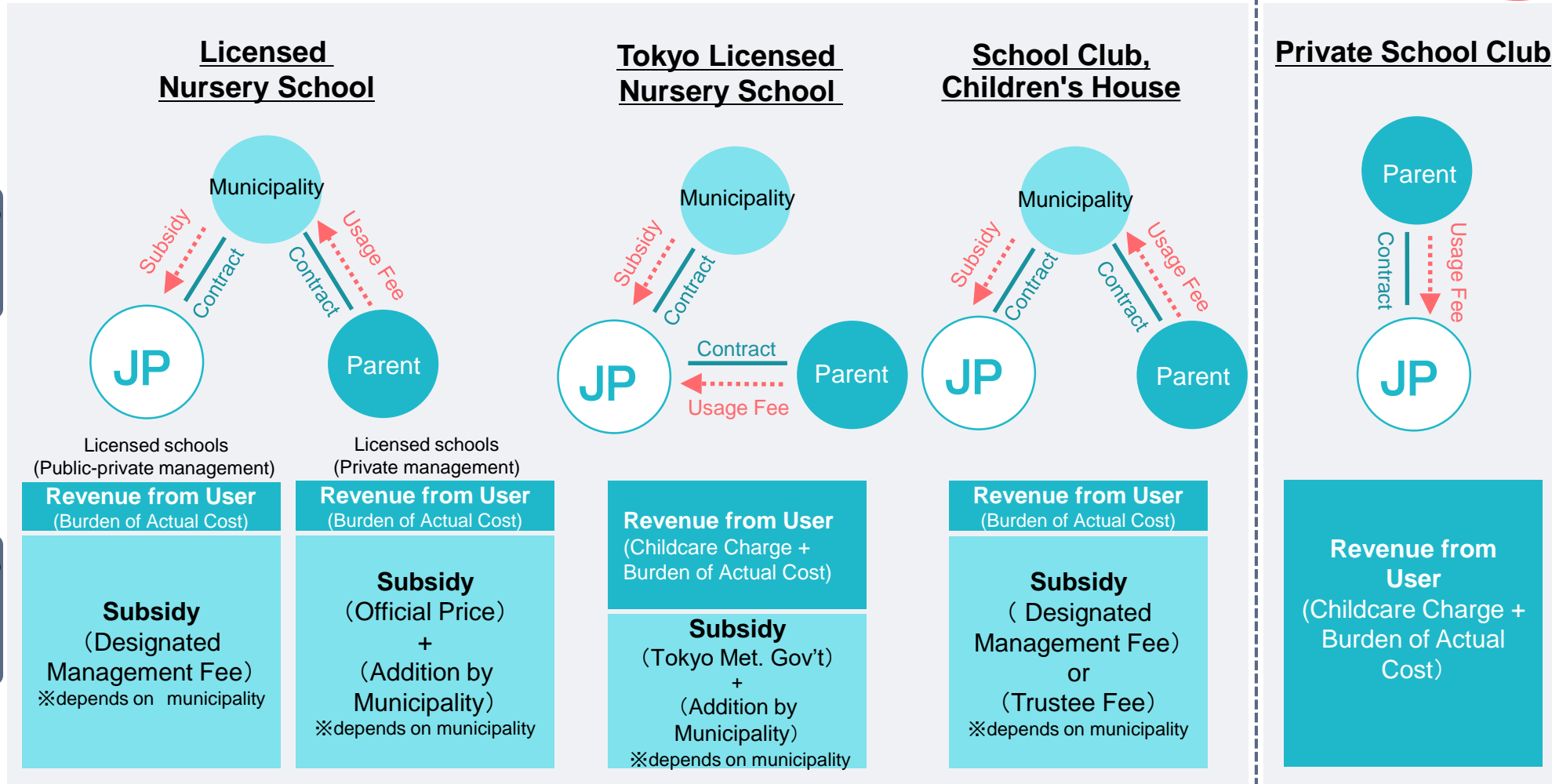
Business Summary

▶ Operation of Childrearing Facilities (Public and Private)

Public Facilities = Subsidy from Gov't and Municipalities **Yes**

Private Facilities

= Subsidy from Gov't and Municipalities **No**



Comparison of Kindergartens, Nursery Schools and Licensed Children's Schools

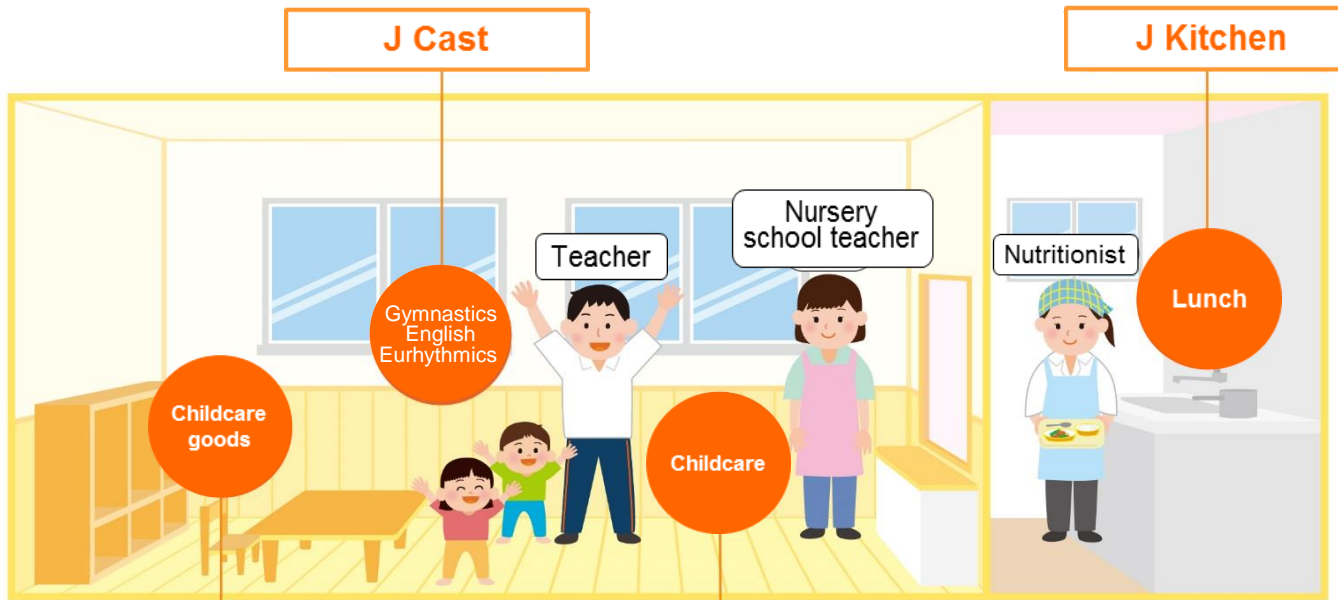
	Kindergarten	Nursery School	Licensed Children's School (Kindergarten/Nursery School Cooperation type)
Underlying Laws/Regulations	Act on Child Education and Childcare Support (Defines the framework of cross-ministerial and unified payments in the Cabinet Office)		
	Section 3 of the School Education Act (Under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology)	Article 7 (1) of the Child Welfare Act (Under the jurisdiction of the Ministry of Health, Labour and Welfare)	Article 7 (1) of the Child Welfare Act Article 2 (7) of the Licensed Children's School Law (Under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology & the Ministry of Health, Labour and Welfare)
Type of Facility	School	Child welfare facility	School and child welfare facility
Target Children*	1 st certification	2 nd and 3 rd certification	1 st , 2 nd and 3 rd certification
Basis of Education and Childcare Content	Kindergarten Education Guidelines	Nursery School Childcare Guidelines	Licensed Children's School Education and Childcare Guidelines
Daily Education and Childcare Time	4 hours as standard	8 hours as standard	Hours depending on the children (8 hours for children requiring childcare and 4 hours for children requiring education) as standard
Number of Education and Childcare Days in a Year	39 weeks or more	No stipulations	Depending on the regional conditions

*1st certification: Children of 3 years old or older requiring education / 2nd certification: Children of 3 years old or older requiring childcare / 3rd certification: Children under 3 years old requiring childcare

Overview of School Clubs and Children's Houses

	School Clubs (Broad Definition)		Children's Houses
	After-school Children's Health Promotion Business	After-school Children's Classroom Promotion Business	
Underlying Laws/Regulations	Article 6-3 (2) of the Child Welfare Act (Under the jurisdiction of the Ministry of Health, Labour and Welfare)	Implementation of After-school Children's Plan Promotion Business (Under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology)	Article 40 of the Child Welfare Act (Under the jurisdiction of the Ministry of Health, Labour and Welfare)
Nature of the Facility	The aim is to provide a place for appropriate fun and lifestyles for children enrolled in elementary school whose parents are not at home after school due to work and foster them healthily by using a facility such as child welfare facilities after school.	This aims to establish safe and secure activity bases (locations) for children using spare classrooms in schools after hours or on the weekends. These provide opportunities for learning and a variety of experiences/exchange activities for children on a regular and continuous basis with the participation of local residents.	This aims to offer healthy fun to children in the community, promote their health and nurture emotions. (one of children's recreational facilities)
Target Children	Grades 1 to 3 in elementary school (However, it is also possible to target children in special support elementary schools and elementary school children in grades 4 and above)	All children in the community (regardless of whether infants, children or students and regardless of whether their parents work or not)	All children under the age of 18
Basis of Education and Childcare Content	After-school Children's Health Promotion Business Action Guidelines After-school Children's Club Guidelines	After-school Children's Classroom Promotion Business Action Guidelines	Children's House Guidelines
Daily Education and Childcare Time	3 hours or more on average (However, this is 8 hours or more as a general rule on Saturdays, school holidays and long-term holiday periods)	4 hours or less on average (However, this is 8 hours or less as a general rule on Saturdays, school holidays and long-term holiday periods)	Set in accordance with the situation in the community (e.g. the age of the target children and convenience of parents)
Number of Education and Childcare Days in a Year	250 days or more as a general rule (However, this can be 200 days or more depending on the form of the user's needs)	Less than 250 days as a general rule	

Image of JP Holdings' Group Structure



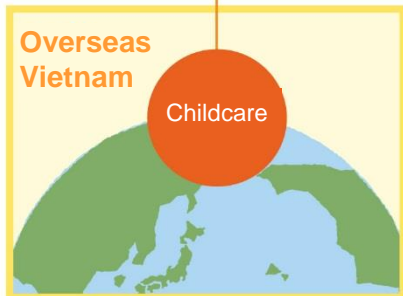
We will take full advantage of group synergies – from facilities and equipment to the quality improvement of staff

J Planning Sale

Japan Nursery Service

COHAS VIETNAM

Amenity Life



Japan Nursery Institute for General Research

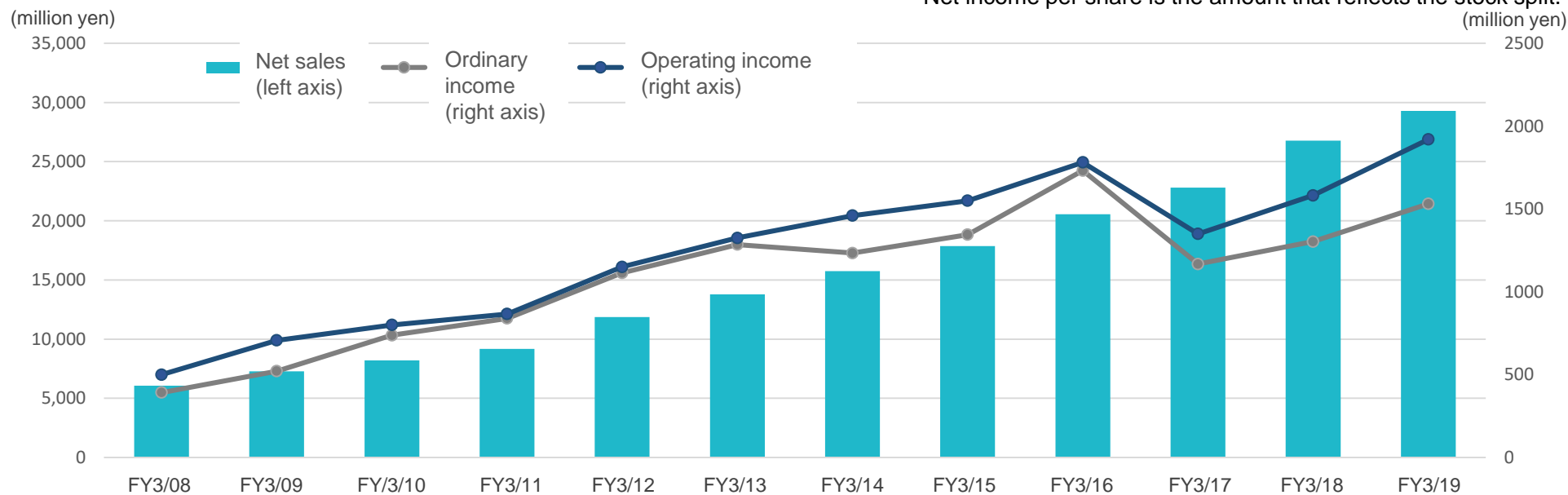


Results Trends

Consolidated Results (Highlights)

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Net sales (million yen)	7,272	8,194	9,166	11,867	13,789	15,747	17,868	20,552	22,799	26,779	29,298
Operating income (million yen)	521	738	839	1,114	1,285	1,234	1,345	1,732	1,168	1,303	1,531
Ordinary income (million yen)	707	800	866	1,150	1,325	1,460	1,550	1,781	1,350	1,582	1,920
Net income attributable to owners of parent (million yen)	440	444	500	653	717	837	904	1,071	661	910	1,071
Net income per share (Yen)	5.98	6.06	6.67	7.83	8.60	10.03	10.84	12.84	7.87	10.70	12.44

* Net income per share is the amount that reflects the stock split.
(million yen)



Consolidated Results (Balance Sheet / Statement of Cash Flows)

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Total assets (million yen)	4,275	5,763	9,432	9,808	10,876	13,521	18,882	21,126	24,002	25,761	28,255
Net assets (million yen)	1,546	1,903	3,559	3,977	4,452	5,034	5,606	6,279	6,854	7,756	8,950
Shareholders' equity ratio (%)	36.1	32.9	37.7	40.5	40.9	37.2	29.7	29.7	28.5	30.1	31.7

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Cash flows from operating activities (million yen)	672	378	915	1,205	1,173	1,038	1,294	1,804	1,878	1,865	1,829
Cash flows from investing activities (million yen)	- 363	- 906	- 1,808	- 821	- 1,268	- 3,638	- 3,959	- 2,449	- 3,305	- 1,292	- 940
Cash flows from financing activities (million yen)	- 157	412	2,473	- 219	514	1,220	3,748	1,553	1,646	- 135	1,475
Year-end balance of cash and cash equivalents (million yen)	1,137	1,022	2,602	2,768	3,188	1,808	2,891	3,798	4,017	4,455	6,816

Dividends

The basic policy of our company is to continue paying a performance-linked dividend with a payout ratio of around 30% while maintaining the necessary internal reserves for future business development and to strengthen our management structure.

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Amount of dividend per share (yen)	1.90	2.00	2.90 Commemorative dividend: 0.50 yen	3.00 Commemorative dividend: 0.50 yen	3.20	3.60	4.00	5.00	2.50	3.50	3.70
Payout ratio (%)	31.7	33.0	43.4	38.3	37.2	35.9	36.9	38.9	31.8	32.7	29.7

The amount of dividend per share reflects the stock split.

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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