February 2, 2017

(Translation)

Dear Sir/Madam,

Name of Company: JP-HOLDINGS, INC.
Name of Representative: Kazuhiro Ogita, President and CEO (Representative Director)
(Code No.2749; The First Section of the Tokyo Stock Exchange)
Contact: Mika Matsumiya
General Manager, Administration Division
(Tel: +81 52 933 5419)

Notice of Earnings and Dividend Forecast Revision

Notice is hereby given that, taking into account recent developments in our earnings, JP-HOLDINGS, INC., according to the board meeting held on February 2, 2017, has revised its consolidated earnings and dividend forecast for the consolidated fiscal year ending March 2017 (April 1, 2016 – March 31, 2017) from the forecast announced on May 10, 2016 as follows.

●Revision of earnings forecast

1. Revision of consolidated earnings forecast figures for fiscal year ending March 2017 (April 1, 2016 – March 31, 2017)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	22,340	1,564	1,651	1,057	12.68
Revised forecast (B)	22,726	1,053	1,235	503	5.99
Difference (B-A)	386	-511	-416	-554	
Increase/decrease (%)	1.7	-32.7	-25.2	-52.4	
(Ref.) Results for fiscal year ended March 2016	20,552	1,834	1,884	1,195	14.32

2. Reasons for the revision

Regarding operating income and ordinary income, we forecast an increase in personnel cost etc. compared to the previous forecast. Regarding net income attributable to owners of the parent, in addition to the reason mentioned above, we also assume impairment loss. Thus, all of operating income, ordinary income and net income attributable to owners of the parent are projected to decrease compared to the previous forecast.

As for impairment loss, the amount cannot be fixed at the end of the third quarter of the fiscal year ending March 2017. This is because we foresee an increase in subsidy revenue, the amount of which is not currently fixed but is able to be billed in the fourth quarter of the fiscal year ending March 2017, and there are also uncertain aspects regarding indications of impairment loss and future cash flow.

The reason the forecast of net income attributable to owners of the parent decreased more than the forecast of ordinary income is mainly the prospect of impairment loss.

Since our group joined the child care business, we have continued to open facilities with maximum capacity based on an investment plan with the premise of acquiring sufficient numbers of nursery school teachers. However, acquiring nursery school teachers is becoming more difficult year by year, and it will not be easy to accomplish our initial plan.

Furthermore, for three years since the fiscal year ended March 2013, our group has opened facilities focusing on local areas, but subsidies from the Japanese and municipal governments are relatively few, and facilities in local areas lack profitability.

Under these circumstances, regarding facilities where profitability is continuously worsening, our group will strictly evaluate their profitability, revise past plans, and for cases from which investment recovery is foreseen to be difficult, there is the possibility of impairment.

This will apply particularly to facilities which have been opened by April 2015. Once the company knows the details, we will disclose them promptly.

●Revision of dividend forecast

1. Revision of dividend forecast figures for fiscal year ending March 2017
   (April 1, 2016 – March 31, 2017)

(Unit: Yen)

	Dividend by fiscal year				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
Previous forecast (announced on May 10, 2016)				4.00	4.00
Revised forecast				2.00	2.00
Current fiscal year ending March 2017	—	0.00	—		
Previous fiscal year ended March 2016	—	0.00	—	5.00	5.00

2. Reasons for the revision

The company's policy regarding profit allocation is to assure retained earnings for future enterprise activity and enhancement of management, and to continue paying dividends linked to consolidated performance, with consolidated dividend payout ratio of around 30%.

The dividend for the fiscal year ending March 2017 was forecast at 4 yen/share. However, taking into account the decrease in the consolidated earnings forecast compared to the previous forecast, we have revised it to 2 yen/share, down 2 yen from the previous forecast.

(Note) 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. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.