

Summary of Business Results for the Fiscal Year Ended March 31, 2020 [Japan GAAP] (Consolidated)

May 13, 2020

C o m p a n y	JP-HOLDINGS, INC.	Listed on the TSE 1
Stock Code	2749	URL: https://www.jp-holdings.co.jp
Representative	Koichiro Furukawa, President and Representative Director	
C o n t a c t	Ryoji Tsutsumi, General Manager of Administrative Division	T E L: +81-52-933-5419
Expected date of annual shareholders' meeting:	June 25, 2020	Expected starting date of dividend payment: June 26, 2020
Expected date of filing of annual securities report:	June 26, 2020	
Preparation of supplementary financial document:	Yes	
Results briefing:	Yes (for media members, institutional investors, analysts)	

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 2020 (April 1, 2019 through March 31, 2020)

(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	%
Year ended Mar. 2020	31,719	8.3	1,538	0.5	2,003	4.3	1,122	4.8
Year ended Mar. 2019	29,298	9.4	1,531	17.5	1,920	21.4	1,071	17.7

(Note) Comprehensive income:

Year ended March 2020: 1,036 million yen (9.0%)

Year ended March 2019: 950 million yen (7.0%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2020	12.81	-	12.1	7.4	4.9
Year ended Mar. 2019	12.44	-	12.8	7.1	5.2

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	26,122	9,636	36.9	110.17
As of Mar. 31, 2019	28,255	8,950	31.7	102.23

(Reference) Shareholders' equity:

As of March 31, 2020: 9,636 million yen

As of March 31, 2019: 8,950 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2020	2,320	418	-3,349	6,206
Year ended Mar. 2019	1,829	-940	1,475	6,816

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2019	-	0.00	-	3.70	3.70	325	29.7	3.8
Year ended Mar. 2020	-	0.00	-	3.90	3.90	341	30.4	3.7
Year ending Mar. 2021 (forecast)	-	-	-	3.90	3.90		29.3	

(Note) The total amount of dividends includes 1 million yen for the fiscal year ended March 2019, as the dividend on the company's share held by Trust & Custody Services Bank, Ltd. as trust property of "Stock Benefit Trust (Employee Stock Ownership Plan)".

3. Forecast of consolidated business results for the fiscal year ending March 2021

(April 1, 2020 through March 31, 2021)

(% 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. 2021	33,005	4.1	1,577	2.5	2,153	7.5	1,163	3.6	13.30

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) 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

(3) Shares outstanding (common stock)

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

As of March 31, 2020 87,849,400 shares

As of March 31, 2019 87,849,400 shares

② Treasury stock at the end of period:

As of March 31, 2020 380,707 shares

As of March 31, 2019 297,807 shares

③ Average number of stock during period

Year ended March 31, 2020 87,649,993 shares

Year ended March 31, 2019 86,097,870 shares

(Note) The number of treasury stock deducted for the calculation of the number of treasury stock at the end of period and the average number of stock during period includes the company's shares held by Trust & Custody Services Bank, Ltd. as trust property of "Stock Benefit Trust (Employee Stock Ownership Plan)".

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2020

(April 1, 2019 through March 31, 2020)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2020	2,360	24.4	620	0.7	905	36.2	734	50.5
Year ended Mar. 2019	1,896	6.6	616	49.6	664	9.9	488	12.5

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2020	8.39	-
Year ended Mar. 2019	5.67	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	17,106	5,197	30.4	59.42
As of Mar. 31, 2019	19,923	4,902	24.6	56.00

(Reference) Shareholders' equity:

As of March 31, 2020: 5,197 million yen

As of March 31, 2019: 4,902 million yen

* Financial summary is not subject to auditing 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 business forecasts, etc., please refer to "1. Qualitative Information on Quarterly Financial Results (4) Future outlook" (Page 5).
- On Tuesday, May 19, 2020, the Company plans to hold results briefing for media members, institutional investors and analysts via a webcast. The Company has suspended its results briefing for individual investors in order to prevent the spread of new coronavirus (COVID-19) infections.

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1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

In the fiscal year under review, the Japanese economy has continued to improve and has been on a gradual recovery trend as the environment or both employment and personal income is improving. However, the outlook remains unclear due to the uncertainty in the global economy caused by the slowdown of the Chinese economy and the worsening situation in the Middle East countries, as well as concerns about a decline in consumption caused by the consumption tax hike.

In addition, the global spread of the new coronavirus (COVID-19) infections from the beginning of the year has had a serious impact on domestic and international economic activities.

As for the environment surrounding the child-raising service, the employment rate of women has been rising due to women's advancement and active participation in society and various measures by the government to promote their participation in the workplace, so demand for the child-raising service continues to be high. With the implementation of free child education and childcare from October 2019, it is anticipated that people looking for entry into childcare facilities will increase, and the Company believes that the social role played by child-raising service will become more important than ever. With the aim of meeting this demand, it is still difficult to secure nursery school teachers, who are responsible for supporting childcare, mainly in the Tokyo metropolitan area. From the beginning of March, elementary and junior high schools were closed all at once due to the COVID-19, and a safe and secure management system is required, while expanding the system for accepting children.

Under these circumstances, the Group is continuing to expand its share of the market in collaboration with local governments throughout Japan, while working to secure nursery teachers, which is our urgent priority, and to further improve the quality of childcare services.

In addition, under the "hands-on policy", the Company is collecting issues at each facility and workplace and working on improvements and reforms to create a comfortable working environment. This has led to an increase in the number of nursery teachers hired and an increase in the retention rate. In addition, as a measure for efficient and effective organizational management, the Company has introduced a Block System that divide Japan into the 5 operating areas to take careful measures, and have worked to develop new businesses for sustainable growth.

As for the measures against COVID-19 infections, the Company established a COVID-19 Control Headquarters. While coordinating with local governments, the Company gives top priority to ensuring the safety of children as well as the safety of parents, business partners and employees. Each facility establishes its own strict safety standards. These include body temperature measurement, hand washing, gargling and alcohol disinfection every morning, as well as wearing masks. The head office and Tokyo Headquarters have introduced flexible work hours and telework systems to ensure quick response.

Along with the promotion of various measures, the Group has opened a total of 12 facilities in the fiscal year under review, including 10 nursery schools (9 in Tokyo, 1 in Shiga) and 2 school clubs (2 in Tokyo), in order to promote various measures and respond to the growing needs of nursery facilities.

As a result, the Group came to have 209 nursery schools, 72 school clubs, 11 children's houses, 4 private school clubs, and 1 kindergarten (overseas facility), making a total of 297 facilities for supporting child-raising at the end of March 2020.

With the establishment of the Wakuwaku Fukuro Hiroba/Akakita Hibari Club No. 2, the Akakita Hibari Club and the Kita City Fukuro Cultivation Room are renamed as the Wakuwaku Fukuro Hiroba/Akakita Hibari Club No. 1 and the Wakuwaku Fukuro Hiroba /Akakita Hibari Club No. 3, respectively, as of April 1, 2019.

Separate from the new facilities, the following changes have been made as of April 1, 2019: Asc Ikegami Nursery School, which had been running since February 1, 2008 as an existing Tokyo Licensed Nursery School was changed into a licensed nursery school; Asc Toyotama 1-chome Nursery School A and B, which had been running since April 1, 2018, as small-scale childcare facilities, were integrated and changed into a licensed nursery school; and Kawasaki City Miyamaedaira Nursery School, which had been running as a public facility under private management since April 1, 2009, was changed to a private facility under private management and is now run as Asc Miyamaedaira Nursery School.

As a result, the Group's consolidated net sales were 31,719 million yen (up 8.3% year on year), operating income was 1,538 million yen (up 0.5% year on year), ordinary income was 2,003 million yen (up 4.3% year on year), and net income attributable to

owners of parent was 1,122 million yen (up 4.8% year on year).

The major factors are as follows:

Net sales increased year on year, mainly due to the opening of new facilities, an increase in the number of children accepted at existing facilities, and an increase in rent subsidies at some existing facilities.

Operating income and ordinary income increased year on year, thanks to an increase in operating income and increased subsidies associated with an increase in users of the corporate dormitory, in addition to the above-mentioned factors of increased sales due to an increase in the number of children accepted at existing facilities.

In terms of net income attributable to owners of parent, the Company recorded an extraordinary loss of 315 million yen due to the impairment of fixed assets related to childcare facilities that are expected to have a long payback period and the introduction of a new attendance management system.

(2) Summary of financial condition in the current fiscal year

As for the financial position at the end of the current fiscal year, the total assets amounted to 26,122 million yen (down 2,132 million yen from the end of the previous fiscal year).

Current assets totaled 9,788 million yen (down 670 million yen), mainly reflecting an increase of 59 million yen in others, while there were decreases of 609 million yen in cash and deposits, and 81 million yen in accounts receivable.

Fixed assets totaled 16,334 million yen (down 1,462 million yen). This was mainly due to an increase of 303 million yen in deferred tax assets, while there were decreases of 939 million yen in construction in progress, 349 million yen in buildings and structures, 171 million yen in investments and other assets, 135 million yen in long-term loans receivable, and 111 million yen in investment securities.

Total liabilities amounted to 16,486 million yen (down 2,818 million yen).

Current liabilities totaled 5,920 million yen (down 1,959 million yen), mainly due to increases of 143 million yen in provision for bonuses and 36 million yen in accrued consumption taxes, while there were decreases of 1,500 million yen in short-term loans payable, 526 million yen in current portion of long-term loans payable, and 52 million yen in others.

Fixed liabilities totaled 10,565 million yen (down 858 million yen), mainly due to an increase of 114 million yen in obligations for retirement plan, while there was a decrease of 974 million yen in long-term loans payable.

Total net assets as of the end of the current fiscal year totaled 9,636 million yen (up 685 million yen from the end of the previous fiscal year), mainly because retained earnings increased by 797 million yen, while valuation difference on securities decreased by 91 million yen.

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter referred to as “the funds”) for the current consolidated fiscal year were 2,320 million yen from the funds obtained through operating activities; 418 million yen obtained through investing activities; and 3,349 million yen paid out in financing activities, totaling 6,206 million yen, down 609 million yen from the end of the previous fiscal year.

The cash flow situations and their reasons for the current consolidated fiscal year are as follows:

[Cash flows from operating activities]

The funds provided by operating activities were 2,320 million yen (1,829 million yen was provided during the previous consolidated fiscal year).

This is due to the following: net income before income taxes and others of 1,688 million yen; depreciation costs of 724 million yen; impairment loss of 311 million yen; decrease in other fixed assets of 152 million yen; and increase of 143 million yen in provision for bonuses ; but there were income taxes paid or refund of 98 million yen.

Compared to the previous consolidated fiscal year, the funds obtained increased by 491 million yen. This is due to the following: despite increases of 259 million yen in accounts receivable, 202 million yen in impairment loss, and 168 million yen in other fixed assets, there were decreases of 136 million yen in income taxes paid or refund, 121 million yen in net income before income taxes, and 83 million yen in notes and accounts payable-trade.

[Cash flows from investing activities]

The funds provided by investing activities were 418 million yen (940 million yen was used during the previous consolidated fiscal year).

This is due to the following: despite the proceeds from subsidy income of 1,208 million yen and income through the collection of long-term loans receivable of 263 million yen, there were expenditure towards purchase of property, plant and equipment of 865 million yen; long-term loan expenditures of 120 million yen; and payments for guarantee deposits of 51 million yen.

Compared to the previous consolidated fiscal year, net cash provided increased by 1,359 million yen. This is due to the following: despite expenditures towards purchase of property, plant and equipment of 1,011 million yen, long-term loan expenditures of 240 million yen, increase of 149 million yen in proceeds from subsidy income, there was a decrease of 29 million yen in intangible fixed assets.

[Cash flows from financing activities]

The funds used in financing activities were 3,349 million yen (1,475 million yen was provided during the previous consolidated fiscal year).

This is due to the following: despite proceeds from long-term loans payable of 700 million yen, proceeds from short-term loans payable of 100 million yen, and proceeds from disposal of treasury stock of 81 million yen, there were repayment of long-term loans payable of 2,201 million yen, repayment of short-term loans payable of 1,600 million yen, cash dividends paid of 322 million yen, and purchase of treasury stock of 107 million yen.

Compared to the previous consolidated fiscal year, net cash decreased by 4,824 million yen. This is due to the following: despite increases of 3,900 million yen in repayment of short-term loans payable and 597 million yen in repayment of long-term loans payable, there were decreases of 5,400 million yen in proceeds from short-term loans payable, 3,300 million yen in proceeds from long-term loans payable, and 498 million yen in proceeds from disposal of treasury stock.

The related index of our Group’s cash flow is as follows:

	FY3/18	FY3/19	FY3/20
Shareholders’ equity ratio (%)	30.1	31.7	36.9
Shareholders’ equity ratio against current price (%)	102.6	94.2	86.7
Cash flow to interest-bearing debts ratio (years)	6.9	7.7	4.8
Interest coverage ratio (x)	37.3	33.3	38.8

Notes: Shareholders’ equity ratio = shareholders’ equity/total assets

Shareholders' equity ratio against current price = total current stock price/total assets
Cash flow to interest-bearing debts ratio = interest-bearing debts/cash flow
Interest coverage ratio = cash flow/interest payment

[Note 1] All calculated based on consolidated fiscal amounts.

[Note 2] Total current stock price calculated based on the total number of stocks issued minus treasury shares.

[Note 3] Cash flow here signifies operating cash flow.

[Note 4] Interest-bearing debts here include all the debts that incur interests and appropriated on the consolidated balance sheet.

(4) Future outlook

The outlook for domestic and overseas economies and corporate activities is uncertain due to the worldwide spread the COVID-19 infections. As a result, the business environment is expected to change significantly compared with the environment in the fiscal year ended March 2020.

In regard to the child-raising service business, the number of dual-income households is increasing as more women are entering the workforce due to changes in women's awareness of social participation and the promotion of women's active participation in the workforce by the government. Demand for childcare continues to be high due to free child education and childcare from October 2019 introduced from October last year. However, some facilities (nursery schools, school clubs, children's houses) were temporarily closed at the request of the local governments following the central government's "State of Emergency" on April 7, 2020, in order to curb the COVID-19 infections. But many facilities were not affected and continued to operate safely despite the challenging environment.

In view of the severe business environment, the Company released the "Notice Concerning Review of Medium-Term Management Plan" on May 13, 2020. The plan runs from March 2019 through March 2021. Some of its facilities (nursery schools, school clubs, children's houses) may be closed, until the end of May due to the spread of the COVID-19. The Company is reviewing the impact of the COVID-19 on its operations as the Company does not anticipate any increase in enrollment until July. Plans also call for slowing down openings of new facilities in view of the pandemic.

Concrete measures to assure that JP Holdings operates the facilities of choice include "further improvement of the quality of child-raising service." This is to be achieved by strengthening human resource development, enhancing the capabilities required for every job category and every grades of kids, introducing a human resource management system and creating a comfortable working environment to reduce turnover. In addition, "structural reform" will be introduced to improve profitability and operating efficiency by optimizing enrollment levels and staff assignments at existing facilities. We will reduce operating and indirect costs and establish a solid profit base by expanding new businesses for sustainable growth. Sales and ordinary income are likely to fall short of the initial plan due to the impact of the COVID-19, restraint of new facility openings, the cost of the introduction of human resources system, and other factors. The Company will strive to maximize profits by optimizing income at existing facilities and promoting structural reforms.

Moreover, in order to ensure safety and security and prevent the spread of COVID-19, the Company plans to establish management systems at individual facilities in cooperation with the local governments with jurisdiction over the area in which they operate. This initiative aims at prioritizing the safety of children, parents, business partners, and employees.

For the above reasons, as for the consolidated business forecasts for the next fiscal year, the Company forecasts net sales of 33,005 million yen (up 4.1% year on year), operating income of 1,577 million yen (up 2.5%), ordinary income of 2,153 million yen (up 7.5%), and net income attributable to owners of parent was 1,163 million yen (up 3.6%).

The following is a breakdown of the childcare facilities that the Group has entrusted with the opening of new facilities during the fiscal year ended March 2020 and has started new operations on April 1, 2020.

(Nursery school)

Asc Senju Nursery School	(Apr. 1, 2020)
Asc Toneri Ekimae Nursery School	(Apr. 1, 2020)
Asc Oizumi Gakuen Nursery School	(Apr. 1, 2020)
Asc Nerima 3-chome Nursery School	(Apr. 1, 2020)

(School clubs)

Wakuwaku Yanagida Hiroba/Yanagida Midori Club No. 2	(Apr. 1, 2020)
Wakuwaku Yon-iwa Hiroba/Yon-iwa Elementary School Icho Club No. 2	(Apr. 1, 2020)
Chofu City Jindaiji Children's House School Club	(Apr. 1, 2020)
Mitaka City Nishiuwa School Club A	(Apr. 1, 2020)
Mitaka City Yon-sho School Club B	(Apr. 1, 2020)

As of April 1, 2020, with the opening of Wakuwaku Yanagida Hiroba/Yanagida Midori Club No.2, Wakuwaku Yanagida Hiroba was renamed as Wakuwaku Yanagida Hiroba/Yanagida Midori Club No.1. With the opening of Wakuwaku Yon-iwa Hiroba/Yon-iwa Elementary School Icho Club No.2, Wakuwaku Yon-iwa Hiroba was renamed as Wakuwaku Yon-iwa Hiroba/Yon-iwa Elementary School Icho Club No.1. With the opening of Mitaka City Yon-sho School Club B, Mitaka City Nishiuwa School Club Club was

renamed as Mitaka City Nishiuwa School Club A.

Separate from the above, the following changes have been made as of April 1, 2020: Asc Higashiojima Nursery School, which had been running since April 1, 2008 as an existing Tokyo Licensed Nursery School, was changed into a licensed nursery school; Obu City Kyowahigashi Nursery School, which had been running since April 1, 2010, as public nursery school under private management, was changed into a private facility under private management and is now run as Asc Kyowahigashi Nursery School. The three private school clubs operated by Amenity Life, Inc. (Elfikids Tsurugamine, Elfikids Futamatagawa, and Elfikids Ryokuentoshi) were closed at the end of March 2020.

2. Basic Policies regarding the Selection of Accounting Standards

Our Group produces the financial statements based on the Japanese standard, while taking into consideration the comparabilities of various financial statement terms as well as those of various companies. Incidentally, the application of international accounting standards will be appropriately enforced, in consideration of various situations inside and outside Japan.

3. [Consolidated Financial Statements and Major Notes]

(1) [Consolidated Balance Sheet]

(Thousand yen)

	Previous Fiscal Year (March 31, 2019)	Current Fiscal Year (March 31, 2020)
Assets		
Current assets		
Cash and deposits	6,816,439	6,206,487
Notes and accounts receivable-trade	71,657	76,288
Inventories	128,900	111,259
Accounts receivable - other	2,491,947	2,410,895
Other	949,963	1,009,077
Allowance for doubtful accounts	-449	-25,759
Total current assets	10,458,459	9,788,250
Fixed assets		
Property, plant and equipment		
Buildings and structures	11,873,447	12,237,506
Accumulated depreciation and impairment	-4,635,599	-5,349,352
Buildings and structures, net	7,237,848	6,888,153
Machinery, equipment and vehicles	5,637	5,637
Accumulated depreciation	-3,209	-4,146
Machinery, equipment and vehicles, net	2,427	1,490
Tools, furniture and fixtures	803,177	923,279
Accumulated depreciation and impairment	-563,703	-671,412
Tools, furniture and fixtures, net	239,473	251,866
Land	980,894	980,894
Construction in progress	1,437,264	497,896
Total tangible fixed assets	9,897,908	8,620,302
Intangible assets		
Goodwill	227,894	197,508
Other	114,985	50,169
Total intangible assets	342,879	247,678
Investments and other assets		
Investment securities	548,080	436,234
Long-term loans receivable	3,419,910	3,284,007
Guarantee deposits	1,880,239	1,906,120
Deferred tax assets	825,742	1,128,962
Other	891,902	720,593
Allowance for doubtful accounts	-10,027	-9,445
Total investments and other assets	7,555,848	7,466,474
Total fixed assets	17,796,637	16,334,455
Total assets	28,255,096	26,122,705

(Thousand yen)

	Previous Fiscal Year (March 31, 2019)	Current Fiscal Year (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	197,742	195,720
Short-term borrowings	1,500,000	-
Current portion of long-term loans payable	2,166,092	1,639,460
Accounts payable – other	1,570,333	1,535,400
Income taxes payable	435,953	415,324
Accrued consumption taxes	81,136	117,626
Reserve for bonuses	411,135	554,836
Asset retirement obligation	13,500	10,894
Other	1,504,249	1,451,683
Total current liabilities	7,880,143	5,920,945
Fixed liabilities		
Long-term debt	10,454,371	9,479,911
Obligations for retirement plan	642,495	757,052
Asset retirement obligation	317,269	320,567
Other	10,324	7,979
Total long-term liabilities	11,424,460	10,565,510
Total liabilities	19,304,604	16,486,455
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	6,184,830	6,982,526
Treasury stock	-81,685	-107,515
Total shareholders' equity	9,156,643	9,928,510
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-133,411	-224,438
Deferred gains or losses on hedges	-7,165	-5,537
Foreign currency translation adjustment	238	2,610
Accumulated adjustment for retirement benefits	-65,813	-64,895
Total other accumulated comprehensive income	-206,151	-292,261
Total net assets	8,950,492	9,636,249
Total liabilities and net assets	28,255,096	26,122,705

(2) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statement of Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net sales	29,298,670	31,719,442
Cost of sales	25,119,787	27,298,724
Gross profit	4,178,883	4,420,718
Selling, general and administrative expenses	2,647,588	2,881,943
Operating income	1,531,294	1,538,774
Non-operating income		
Interest income	105,359	98,659
Guarantee commission received	65,608	5,467
Subsidy income	349,325	450,421
Other	39,778	13,030
Total non-operating income	560,072	567,579
Non-operating expenses		
Interest expenses	56,524	55,518
Commission fee	55,252	4,000
Handicapped employment levy	8,150	10,635
Demobilization costs	34,886	1,289
Allowance for doubtful accounts	-	25,344
Other	15,793	5,878
Total non-operating expenses	170,606	102,665
Ordinary income	1,920,760	2,003,687
Extraordinary loss		
Loss on sales of noncurrent assets	77	-
Loss on retirement of fixed assets	2,240	1,382
Impairment loss (on facilities)	83,782	229,257
Impairment loss	24,590	81,960
Loss on sales of investment securities	-	2,642
Total extraordinary loss	110,690	315,241
Income before income taxes and minority interests	1,810,070	1,688,446
Corporate, inhabitant and enterprise taxes	760,950	829,819
Income taxes-deferred	-22,086	-264,106
Total income tax	738,864	565,713
Net income	1,071,206	1,122,732
Net loss attributable to non-controlling interests	-64	-
Net income attributable to owners of parent	1,071,270	1,122,732

[Consolidated Statement of Comprehensive Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net income	1,071,206	1,122,732
Total accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-86,757	-91,026
Deferred gains or losses on hedges	-7,710	1,627
Foreign currency translation adjustment	-3,660	2,371
Accumulated adjustment for retirement benefits	-22,462	917
Total other comprehensive income	-120,590	-86,110
Comprehensive income	950,615	1,036,622
Breakdown		
Comprehensive income attributable to owners of parent	950,679	1,036,622
Comprehensive income attributable to non-controlling interests	-64	-

[Consolidated Statements of Changes in Shareholders' Equity]

Previous Fiscal Year (April 1, 2018 – March 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	5,421,026	-636,635	7,837,890
Changes of items during the period					
Dividends from surplus			-307,466		-307,466
Net income attributable to owners of parent			1,071,270		1,071,270
Purchase of treasury stock				-0	-0
Disposal of treasury stock				554,950	554,950
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	763,803	554,949	1,318,753
Balance at the end of current period	1,603,955	1,449,544	6,184,830	-81,685	9,156,643

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for retirement benefits	Total other accumulated comprehensive income		
Balance at the beginning of current period	-46,654	545	3,899	-43,350	-85,560	3,869	7,756,199
Changes of items during the period							
Dividends from surplus							-307,466
Net income attributable to owners of parent							1,071,270
Purchase of treasury stock							-0
Disposal of treasury stock							554,950
Net changes of items other than shareholders' equity	-86,757	-7,710	-3,660	-22,462	-120,590	-3,869	-124,460
Total changes of items during the period	-86,757	-7,710	-3,660	-22,462	-120,590	-3,869	1,194,293
Balance at the end of current period	-133,411	-7,165	238	-65,813	-206,151	-	8,950,492

Current Fiscal Year (April 1, 2019 – March 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	6,184,830	-81,685	9,156,643
Changes of items during the period					
Dividends from surplus			-325,036		-325,036
Net income attributable to owners of parent			1,122,732		1,122,732
Purchase of treasury stock				-107,257	-107,257
Disposal of treasury stock				81,427	81,427
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	797,696	-25,829	771,866
Balance at the end of current period	1,603,955	1,449,544	6,982,526	-107,515	9,928,510

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for retirement benefits	Total other accumulated comprehensive income		
Balance at the beginning of current period	-133,411	-7,165	238	-65,813	-206,151	-	8,950,492
Changes of items during the period							
Dividends from surplus							-325,036
Net income attributable to owners of parent							1,122,732
Purchase of treasury stock							-107,257
Disposal of treasury stock							81,427
Net changes of items other than shareholders' equity	-91,026	1,627	2,371	917	-86,110	-	-86,110
Total changes of items during the period	-91,026	1,627	2,371	917	-86,110	-	685,756
Balance at the end of current period	-224,438	-5,537	2,610	-64,895	-292,261	-	9,636,249

(4) [Consolidated Statement of Cash Flows]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,810,070	1,688,446
Depreciation and amortization	703,991	724,183
Amortization of goodwill	30,385	30,385
Increase (decrease) in allowance for doubtful accounts	-6,317	24,728
Increase (decrease) in provision for bonuses	21,079	143,701
Increase (decrease) in liabilities relating to retirement benefits	81,148	115,954
Loss (gain) on sale of investment securities	-	2,642
Interest and dividends income	-105,359	-98,659
Interest expenses	56,524	55,518
Loss (gain) on retirement of fixed assets	2,240	1,382
Loss (gain) on sales of fixed assets	77	-
Impairment loss	108,372	311,217
Decrease (increase) in notes and accounts receivable-trade	9,592	-4,638
Decrease (increase) in inventories	20,088	17,640
Decrease (increase) in accounts receivable - other	-297,160	-37,365
Decrease (increase) in accrued consumption taxes	-1,747	-1,715
Decrease (increase) in notes and accounts payable-trade	-31,174	-10,515
Decrease (increase) in accounts payable - other and accrued expenses	-14,756	17,962
Increase (decrease) in accrued consumption taxes	2,762	43,046
Increase (decrease) in advances received	-1,633	-13,792
Decrease (increase) in other current assets	80,464	38,382
Decrease (increase) in other fixed assets	-16,186	152,568
Increase (decrease) in other current liabilities	10,881	-72,654
Increase (decrease) in other fixed liabilities	28,246	3,297
Other	-	181
Subtotal	2,491,590	3,131,899
Interest and dividends income received	17,123	9,249
Interest expenses paid	-54,894	-59,856
Income taxes (paid) refund	-624,316	-760,420
Net cash provided by (used in) operating activities	1,829,502	2,320,872

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,877,501	-865,830
Purchase of intangible assets	-3,959	-33,713
Proceeds from sales of property, plant and equipment	231	-
Proceeds from subsidy income	1,059,222	1,208,435
Proceeds from sales of investment securities	-	17,578
Payments for guarantee deposits	-71,870	-51,637
Proceeds from collection of guarantee deposits	14,188	25,677
Payments of long-term loans receivable	-360,540	-120,000
Collection of long-term loans receivable	272,223	263,820
Purchase of liquidation of subsidiaries resulting in change in scope of consolidation	-3,804	-
Other	31,711	-25,347
Net cash provided by (used in) investing activities	-940,099	418,982
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	5,500,000	100,000
Repayments of short-term loans payable	-5,500,000	-1,600,000
Proceeds from long-term loans payable	4,000,000	700,000
Repayments of long-term loans payable	-2,799,068	-2,201,092
Proceeds from disposal of treasury shares	579,791	81,427
Purchase of treasury shares	-0	-107,438
Cash dividends paid	-305,348	-322,338
Net cash provided by (used in) financing activities	1,475,374	-3,349,442
Effect of exchange rate change on cash and cash equivalents	-4,088	-365
Net increase (decrease) in cash and cash equivalents	2,360,688	-609,951
Cash and cash equivalents at beginning of period	4,450,750	6,816,439
Cash and cash equivalents at end of period	6,816,439	6,206,487

Notes on the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Additional information)

[Trading regarding the stock distribution trust (employee stock ownership disposal type)]

Current consolidated fiscal year (April 1, 2019 – March 31, 2020)

At our company, we had introduced “stock distribution trust (employee stock ownership disposal type)” (hereinafter referred to as “this system”) to improve the welfare of our employees as well as to provide the incentive for the added corporate value, but this system was ended on April 10, 2019.

(1) Summary of trading

This system is an incentive plan to return the stock appreciation merits of our company to all employees who are members of the “JP Employees Stock Ownership” (hereinafter referred to as “the stock ownership”).

In this system, our company was bound by the stock distribution trust contract (employee stock ownership disposal type) (hereinafter referred to as “this trust contract”) with our company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee. The trust set up in accordance with this trust contract is referred to as “this trust.” Additionally, Mizuho Trust & Banking Co., Ltd. was bound by the re-trust contract with Trust & Custody Services Bank, Ltd. (hereinafter referred to as “Trust E Bank”) with the said bank as the re-trustee to re-trust the management of the trust assets such as securities, but the contract was ended on April 10, 2019.

(2) Own stocks remaining in the trust

Our company appropriates the own shares remaining in the trust as the treasury shares as part of the net assets through the book value of the trust (except for the incidental expenses). The book value and the number of stocks of the treasury shares are 81,427 thousand yen and 296,100 shares at the end of the previous consolidated fiscal year, and no values in the end of the current consolidated fiscal year.

(3) Book value of debts appropriated by the gross price method

End of the previous consolidated fiscal year: 351,652 thousand yen

End of the current consolidated fiscal year: - thousand yen

(Segment Information)

As our group operates within one single segment (nursery service), we have omitted the descriptions as such.

(Per-stock Information)

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net assets per share	102.23 yen	110.17 yen
Net income per share	12.44 yen	12.81 yen

(Note) 1. Diluted net income per share is omitted as there are no dilutive shares.

2. The own stocks remaining in the trust as appropriated as the treasury stock in the capital stock are, according to the calculation of net income per share, included as the treasury shares that are deducted from the mid-term average number of stocks, and according to the calculation of net assets per share, are included in the number of treasury shares that are deducted from the total number of stocks issued at the end of term.

The average number of treasury stock deducted for the calculation of net income per share was 1,749,823 shares for the previous fiscal year and 22,777 shares for the current fiscal year, and the number of treasury stock deducted for the calculation of net assets per share was 296,100 shares for the previous fiscal year and no shares for the current fiscal year.

3. The basis for calculating net income per share is as follows:

	Previous Fiscal Year (Apr. 1, 2018 - March 31, 2019)	Current Fiscal Year (Apr. 1, 2019 - March 31, 2020)
Net income attributable to owners of parent (thousand yen)	1,071,270	1,122,732
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common shares (thousand yen)	1,071,270	1,122,732
Average number of shares of common shares during the period (shares)	86,097,870	87,649,993

(Significant events after the reporting period)

Not applicable