

Summary of Business Results for the Fiscal Year Ended March 31, 2021 [Japan GAAP] (Consolidated)

May 13, 2021

Company	JP-HOLDINGS, INC.	Listed on the TSE 1
Stock Code	2749	URL: https://www.jp-holdings.co.jp
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Expected date of annual shareholders' meeting:	June 23, 2021	Expected starting date of dividend payment: June 24, 2021
Expected date of filing of annual securities report:	June 24, 2021	
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 2021 (April 1, 2020 through March 31, 2021)

(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. 2021	32,911	3.8	2,268	47.4	2,947	47.1	537	-52.1
Year ended Mar. 2020	31,719	8.3	1,538	0.5	2,003	4.3	1,122	4.8

(Note) Comprehensive income:

Year ended March 2021: 712 million yen (-31.3%)

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

	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. 2021	6.15	-	5.5	10.6	6.9
Year ended Mar. 2020	12.81	-	12.1	7.4	4.9

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	29,740	10,007	33.7	114.42
As of Mar. 31, 2020	26,122	9,636	36.9	110.17

(Reference) Shareholders' equity:

As of March 31, 2021: 10,007 million yen

As of March 31, 2020: 9,636 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. 2021	2,469	190	2,155	11,020
Year ended Mar. 2020	2,320	418	-3,349	6,206

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. 2020	-	0.00	-	3.90	3.90	341	30.4	3.7
Year ended Mar. 2021	-	0.00	-	3.90	3.90	341	63.4	3.5
Year ending Mar. 2022 (forecast)	-	0.00	-	4.50	4.50		27.1	

3. Forecast of consolidated business results for the fiscal year ending March 2022 (April 1, 2021 through March 31, 2022)

(% 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. 2022	33,200	0.9	1,800	-20.6	2,300	-22.0	1,450	169.7	16.58

***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, 2021 87,849,400 shares
 As of March 31, 2020 87,849,400 shares

② Treasury stock at the end of period:

As of March 31, 2021 380,707 shares
 As of March 31, 2020 380,707 shares

③ Average number of stock during period

Year ended March 31, 2021 87,468,693 shares
 Year ended March 31, 2020 87,649,993 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 2021**

(April 1, 2020 through March 31, 2021)

(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. 2021	2,570	8.9	886	42.9	1,037	14.6	135	-81.6
Year ended Mar. 2020	2,360	24.4	620	0.7	905	36.2	734	50.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
Year ended Mar. 2021	1.55		-	
Year ended Mar. 2020	8.39		-	

(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, 2021	19,496		5,129		26.3		58.65	
As of Mar. 31, 2020	17,106		5,197		30.4		59.42	

(Reference) Shareholders' equity:

As of March 31, 2021: 5,129 million yen

As of March 31, 2020: 5,197 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 6).
- On Wednesday, May 19, 2021, 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

During the fiscal year under review, the Japanese economy remained challenging due to the impact of COVID-19. Economic activities resumed after the lifting of the State of Emergency declared in April, and there were signs of a recovery in consumer spending. However, the outlook for the future remains extremely challenging due to factors such as an increase in the number of infectious nationwide since November and the redeclaration of the State of Emergency.

Meanwhile, in the child-raising service business, the environment surrounding childcare is rapidly changing. These include an increase in dual-income households, the problem of children on waiting lists in some regions, a continuing shortage of childcare workers, a further acceleration of the declining birth rate society due to a recent sharp drop in the birth rate, and changes in working styles and lifestyles due to the expansion of COVID-19. In addition, on December 21, 2020, the government announced the "New Child-rearing security Plan", which aims to reduce the number of children on the waiting list. In order to cope with the increase in female employment rate, the government plans to provide childcare services for approximately 140,000 children over the four-year period from 2021 to the end of 2024. The role of child-raising services in society is becoming increasingly important.

Under these severe situations, as measures against COVID-19, our group, in collaboration with local governments, has established our own response standards and implemented thorough safety measures with giving top priority to ensuring the safety of children, parents, business partners, and employees. At the same time, we also have been taking prompt measures such as staggered work hours and remote working at the head office and Tokyo headquarters.

In addition, under the new management structure from June last year, we have adopted the management philosophy of "contributing to the creation of a society where people can smile through our child-raising services." To achieve this, we are promoting to create facilities that would be selected by customers by providing higher-quality child-raising services; and we are working on management reform and improvement of the workplace environment to become a company that is trusted by parents and loved by employees.

In the new management structure, we have made efforts under the management reform policies of "improve profitability and efficiency," "improve soundness," and "improve growth potential." In terms of specific initiatives to "improve profitability and efficiency," we have expanded programs in subjects such as English, gymnastics, and eurhythmics to increase the number of children accepted at existing facilities and improved our operational efficiency by optimizing staffing levels. Regarding "improving soundness," to avoid future risks, we have decided to close facilities with deteriorating profitability due to changes in the external environment, and also decided to off-balance the facilities that we have operated by acquiring land and buildings in the past, as a foothold for the development of local childcare support facilities. In addition, we have improved operational efficiency by introducing systems and reviewing business processes, thereby creating a pleasant work environment. We have also introduced a new personnel system with high transparency in evaluations, which has led to a reduction in the turnover rate. As for the "improve growth potential", to accelerate the shift to digital transformation (DX), we introduced an on-line program and formed a business alliance with GAKKEN HOLDINGS CO.,LTD. on January 14, 2021. With this alliance, we decided to introduce early learning programs at child care facilities and began planning and considering new businesses.

As for the new facility openings, the Group has opened a total of 9 facilities during the fiscal year ended March 2021 according to the plan, including 4 nursery schools (4 in Tokyo) and 5 school clubs (5 in Tokyo).

(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 club)

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 Minamiura School Club A	(Apr. 1, 2020)
Mitaka City Yon-sho School Club B	(Apr. 1, 2020)

*1: 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 Yon-sho School Club was renamed as Mitaka City Yon-sho School Club A.

*2: As of April 1, 2020, Asc Higashiojima Nursery School, which had been running since April 1, 2008 as 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.

*3: 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.

*4: COHAS VIETNAM CO.,LTD, which operated the kindergartens in Vietnam, completed the transition to local licensing on October 29, 2020 and transferred it to C2C Global Education Group Co., Ltd.

*5: Ask Akebono Kaiho Nursery School, a company-led nursery school, was closed as of December 31, 2020.

As a result, the Group came to have 212 nursery schools, 77 school clubs, 11 children's houses, 1 private school club, making a total of 301 facilities for supporting child-raising at the end of March 2021.

As a result, the Group's consolidated net sales were 32,911 million yen (up 3.8% year on year), operating income was 2,268 million yen (up 47.4% year on year), ordinary income was 2,947 million yen (up 47.1% year on year), and net income attributable to owners of parent was 537 million yen (down 52.1% year on year).

The major factors are as follows:

Net sales increased year on year due to the opening of new facilities and the transition from Tokyo Licensed Nursery School to licensed nursery school. However, as a result of the temporary closures of some facilities due to COVID-19, revenues from school lunch fees and merchandise sales associated with the sale of photographs collected directly from parents decreased, and the number of children accepted fell short the plan, although it has been increasing.

Operating income increased year on year owing to an increase in gross profit and a reduction in selling, general and administrative expenses as a result of efforts to reduce foodstuff costs and other expenses related to school lunches due to the temporal closure of some facilities at the request of local governments, in addition to the above-mentioned factors that contributed to the increase in net sales, despite a decrease in sales associated with the prevention of the spread of COVID-19.

In addition, 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.

Net income attributable to owners of parent decreased year on year due to following factors: we have decided to close 10 facilities with deteriorating profitability due to changes in the external environment including the status of children on waiting lists in each region (closed 4 Tokyo Licensed Nursery Schools on March 31, 2021, and plan to close 4 Tokyo Licensed Nursery Schools on March 31, 2022; closed 1 company-led nursery school on December 31, 2020 and 1 private school club on March 31, 2021). At the same time, we also decided to off-balance the 10 facilities that we have operated by acquiring land and buildings in the past, as a foothold for the development of local childcare support facilities, with a view to selling them in the future to avoid the risk of holding them. As a result of this change in the use of fixed assets, the book value of fixed assets was reduced to the net selling price, and the amount of the reduction was recorded as an impairment loss. In addition, impairment losses were recorded for nursery schools in some regions that are expected to continue to have negative future operating income due to a decrease in the number of children on waiting lists. With this, we have recorded an extraordinary loss of 2,092 million yen.

(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 29,740 million yen (up 3,617 million yen from the end of the previous fiscal year).

Current assets totaled 15,139 million yen (up 5,351 million yen). This was mainly due to an increase of 4,814 million yen in cash and deposits and 598 million yen in accounts receivable-other, while there was a decrease of 150 million yen in others.

Fixed assets totaled 14,601 million yen (down 1,733 million yen). This was mainly due to an increase of 502 million yen in deferred tax assets, while there were decreases of 1,474 million yen in buildings and structures, 395 million yen in land, 117 million yen in investments and other assets, 113 million yen in long-term loans receivable, and 53 million yen in investment securities.

Total liabilities amounted to 19,732 million yen (up 3,246 million yen).

Current liabilities totaled 7,829 million yen (up 1,908 million yen). This was mainly due to increases of 1,667 million yen in current portion of long-term loans payable, 136 million yen in income taxes payable, and 99 million yen in accounts payable-other, while there was a decrease of 92 million yen in others.

Fixed liabilities totaled 11,903 million yen (up 1,337 million yen). This was mainly due to increases of 825 million yen in current portion of long-term loans payable and 426 million yen in asset retirement obligation.

Total net assets at the end of the current fiscal year were 10,007 million yen (up 371 million yen). This was mainly due to increases of 196 million yen in retained earnings and 139 million yen in valuation difference on securities.

(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 2,469 million yen from the funds obtained through operating activities; 190 million yen obtained through investing activities; and 2,155 million yen obtained through financing activities, totaling 11,020 million yen, up 4,814 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 2,469 million yen (2,320 million yen was provided during the previous consolidated fiscal year).

This was mainly due to the following: impairment losses of 2,020 million yen, income before income taxes and minority interests of 889 million yen, depreciation and amortization of 729 million yen, a decrease in other fixed assets of 158 million yen, and an increase in retirement benefit liability of 143 million yen, while there were income taxes paid of 813 million yen, an increase in accounts receivable-other of 592 million yen, and a decrease in advances received of 117 million yen.

Compared to the previous consolidated fiscal year, the funds obtained increased by 148 million yen. This was mainly due to increases in impairment loss of 1,709 million yen, other current liabilities of 100 million yen, accrued consumption tax of 91 million yen, and sales of investment securities of 65 million yen, while there were decreases in net income before income taxes and minority interests of 798 million yen, accounts receivable of 554 million yen, and allowance for bonuses of 154 million yen.

[Cash flows from investing activities]

The funds provided by investing activities were 190 million yen (418 million yen during the previous consolidated fiscal year).

This was mainly due the following: subsidies received of 443 million yen, proceeds from collection of long-term loans receivable of 264 million yen, and proceeds from sales of investment securities of 222 million yen, while there were payments for purchase of tangible fixed assets of 634 million yen, payments for long-term loans receivable of 110 million yen, and payments for guarantee deposits of 63 million yen.

Compared to the previous consolidated fiscal year, the funds decreased by 228 million yen. This was mainly due to a decrease in payments for purchase of tangible fixed assets of 231 million yen and an increase in proceeds from sales of investment securities of 204 million yen, while there was a decrease in subsidies received of 764 million yen.

[Cash flows from financing activities]

The funds provided by financing activities were 2,155 million yen (3,349 million yen during the previous consolidated fiscal year).

This was mainly due to the following: proceeds from long-term loans payable of 4,400 million yen, repayment of long-term loans payable of 1,906 million yen, and cash dividends paid of 338 million yen.

Compared to the previous consolidated fiscal year, the funds increased by 5,504 million yen. This was mainly due to an increase in proceeds from long-term loans payable of 3,700 million yen, decreases in repayment of short-term loans payable of 1,600 million yen and repayment of long-term loans payable of 295 million yen, while there was a decrease in proceeds from short-term loans payable of 100 million yen.

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

	FY3/19	FY3/20	FY3/21
Shareholders’ equity ratio (%)	31.7	36.9	33.7
Shareholders’ equity ratio against current price (%)	94.2	86.7	83.8
Cash flow to interest-bearing debts ratio (years)	7.7	4.8	5.5
Interest coverage ratio (x)	33.3	38.8	41.6

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

With regard to the outlook for the future, we anticipate an increase in dual-income households, the problem of children on waiting lists in some areas, a continuing shortage of childcare workers, a further acceleration of the declining birth rate society due to a recent sharp drop in the birth rate, and an unclear outlook for the containment of COVID-19. Accordingly, we need to transform our facilities to be selected by customer through further improving the quality of childcare in response to changes in the social environment and the needs of parents, rather than prioritizing quantitative expansion through new facility openings. Taking advantage of this situation, we will make our efforts by setting more attainable management targets in the new medium-term plan. Our Group's new medium-term management plan captures changes in the social environment, and we will continue the policies of the previous fiscal year with the key objectives of "improve profitability and efficiency," "improve soundness," and "improve growth potential." We will effectively allocate and invest management resources to build a solid management foundation.

Specifically, with DX as the pillar of reform to respond to changes in the social environment, in terms of "improve profitability and efficiency," we will take these initiatives: improve early learning to increase the number of children accepted at existing childcare support facilities as our existing business, develop and introduce new content, improve profitability by further optimizing staffing, and accelerate operational efficiency by promoting the use of ICT in facilities. In terms of "improve soundness," as the key of childcare support is "human resources," we will expand our human resource education and training systems and improve operational efficiency through systemization. In addition, we will further improve the quality of our childcare support and promote the creation of facilities that would be selected by customers by disseminating and implementing both internally and externally the Group's Management Philosophy, Corporate Message, Operational Philosophy, Childcare Philosophy, and Childcare Policy, which were renewed and formulated last year. As for the "improve growth potential", we will deepen and develop our business alliance with GAKKEN HOLDINGS CO.,LTD. and establish a competitive advantage by creating services and products that provide new added value, such as the development of new early learning programs through DX and products related to childcare support.

For the above reasons, as for the consolidated business forecasts for the next fiscal year, the Company forecasts net sales of 33,200 million yen (up 0.9% year on year), operating income of 1,800 million yen (down 20.6%), ordinary income of 2,300 million yen (down 22.0%), and net income attributable to owners of parent of 1,450 million yen (up 169.7%).

With regard to the consolidated financial results for the next fiscal year, the provision for bonuses has been increased due to a change in the bonus payment period following the introduction of a new personnel system. In addition, we anticipate that the number of children accepted will decrease due to factors such as an increase in remote working reflecting the expansion of COVID-19 and a further acceleration of the declining birth rate society due to a recent sharp drop in the birth rate.

The following is a breakdown of the childcare facilities that the Group has entrusted with the opening of new facilities during the fiscal year ending March 2022 and has started new operations on April 1, 2021.

(Nursery school)

Asc Kami-Shakujii Nursery School	(Apr. 1, 2021)
Asc Kanamachi Nursery School	(Apr. 1, 2021)
Asc Higashikasai Nursery School	(Apr. 1, 2021)

(School club/Children's house)

Wakuwaku Takinogawa Momiji Hiroba/ Takinogawa Momiji Genkikko Club No. 1	(Apr. 1, 2021)
Wakuwaku Takinogawa Momiji Hiroba/ Takinogawa Momiji Genkikko Club No. 2	(Apr. 1, 2021)
Wakuwaku Takinogawa Momiji Hiroba/ Takinogawa Momiji Genkikko Club No. 3	(Apr. 1, 2021)
Mitaka City Rokusho School Club A	(Apr. 1, 2021)
Niji-iro Kids Club	(Apr. 1, 2021)
Bancho Elementary School After School No. 1	(Apr. 1, 2021)
Bancho Elementary School After School No. 2	(Apr. 1, 2021)
Bancho Elementary School After School Kids' Club (Play school)	(Apr. 1, 2021)
Jindaiji Children's House	(Apr. 1, 2021)

*1: As of April 1, 2021, Tokyo Licensed Nursery Schools named Ask Ontake Nursery School, which had been running since August 1, 2003 and Ask Shimomaruko Nursery School, which had been running since April 1, 2010, were changed into licensed nursery school.

*2: April 1, 2021, with the opening of the Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1 above, Wakuwaku Takinogawa Momiji Hiroba was renamed as Wakuwaku Takinogawa Momiji Hiroba/Takinogawa Momiji Genkikko Club No. 1.

*3: As of March 31, 2021, the Company closed Tokyo Licensed Nursery Schools named Ask Iidabashi Nursery School, Ask Nishishinjuku Nursery School, Ask Ikebukuro Nursery School, Ask Yukigaya-Otsuka Nursery School, and a private school club named AEL Yokohama Business Park. In addition, due to the expiration of the contract, the Company withdrew from school clubs named Nakano-ku Kids Plaza Yato, Kita-ku Sakura Club No. 1, Kita-ku Daini Sakura Club No. 2, and a children's house named Sayama City Chuo Children's House on March 31, 2021.

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]

[Consolidated Balance Sheet]

(Thousand yen)

	Previous Fiscal Year (March 31, 2020)	Current Fiscal Year (March 31, 2021)
Assets		
Current assets		
Cash and deposits	6,206,487	11,020,922
Notes and accounts receivable-trade	76,288	88,259
Inventories	111,259	167,481
Accounts receivable - other	2,410,895	3,009,655
Other	1,009,077	858,136
Allowance for doubtful accounts	-25,759	-5,057
Total current assets	9,788,250	15,139,399
Fixed assets		
Tangible fixed assets		
Buildings and structures	12,237,506	12,853,109
Accumulated depreciation and impairment	-5,349,352	-7,439,556
Buildings and structures, net	6,888,153	5,413,552
Machinery, equipment and vehicles	5,637	203
Accumulated depreciation	-4,146	-92
Machinery, equipment and vehicles, net	1,490	111
Tools, furniture and fixtures	923,279	998,658
Accumulated depreciation and impairment	-671,412	-770,948
Tools, furniture and fixtures, net	251,866	227,710
Land	980,894	585,678
Construction in progress	497,896	474,178
Total tangible fixed assets	8,620,302	6,701,231
Intangible assets		
Goodwill	197,508	167,122
Other	50,169	47,307
Total intangible assets	247,678	214,430
Investments and other assets		
Investment securities	436,234	382,394
Long-term loans receivable	3,284,007	3,170,376
Guarantee deposits	1,906,120	1,906,868
Deferred tax assets	1,128,962	1,631,311
Other	720,593	603,466
Allowance for doubtful accounts	-9,445	-8,871
Total investments and other assets	7,466,474	7,685,546
Total fixed assets	16,334,455	14,601,208
Total assets	26,122,705	29,740,607

(Thousand yen)

	Previous Fiscal Year (March 31, 2020)	Current Fiscal Year (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	195,720	219,266
Current portion of long-term loans payable	1,639,460	3,307,412
Accounts payable – other	1,535,400	1,634,568
Income taxes payable	415,324	551,678
Accrued consumption taxes	117,626	160,836
Reserve for bonuses	554,836	544,474
Asset retirement obligation	10,894	51,900
Other	1,451,683	1,359,619
Total current liabilities	5,920,945	7,829,755
Fixed liabilities		
Long-term debt	9,479,911	10,305,896
Retirement benefit liability	757,052	839,667
Asset retirement obligation	320,567	747,503
Other	7,979	10,012
Total fixed liabilities	10,565,510	11,903,079
Total liabilities	16,486,455	19,732,834
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	6,982,526	7,178,942
Treasury stock	-107,515	-107,515
Total shareholders' equity	9,928,510	10,124,926
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-224,438	-84,960
Deferred gains or losses on hedges	-5,537	-6,948
Foreign currency translation adjustments	2,610	-
Remeasurements of defined benefit plans	-64,895	-25,245
Total accumulated other comprehensive income	-292,261	-117,154
Total net assets	9,636,249	10,007,772
Total liabilities and net assets	26,122,705	29,740,607

[Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statement of Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net sales	31,719,442	32,911,956
Cost of sales	27,298,724	27,687,332
Gross profit	4,420,718	5,224,623
Selling, general and administrative expenses	2,881,943	2,956,223
Operating income	1,538,774	2,268,400
Non-operating income		
Interest income	98,659	89,805
Guarantee commission received	5,467	-
Subsidy income	450,421	653,613
Other	13,030	19,471
Total non-operating income	567,579	762,890
Non-operating expenses		
Interest expenses	55,518	58,203
Commission fee	4,000	3,666
Handicapped employment levy	10,635	9,550
Demobilization costs	1,289	-
Provision of allowance for doubtful accounts	25,344	-
Other	5,878	12,062
Total non-operating expenses	102,665	83,482
Ordinary income	2,003,687	2,947,807
Extraordinary income		
Gain on sales of fixed assets	-	3,606
Gain on reversal of asset retirement obligations	-	11,100
Gain on sales of affiliates	-	13,735
Recoveries of written off receivables	-	5,866
Total extraordinary income	-	34,308
Extraordinary loss		
Loss on retirement of fixed assets	1,382	3,648
Impairment loss (on facilities)	229,257	2,020,772
Impairment loss	81,960	-
Loss on sales of investment securities	2,642	67,718
Total extraordinary loss	315,241	2,092,140
Income before income taxes and minority interests	1,688,446	889,976
Corporate, inhabitant and enterprise taxes	829,819	936,449
Income taxes-deferred	-264,106	-584,017
Total income tax	565,713	352,431
Net income	1,122,732	537,544
Net income attributable to owners of parent	1,122,732	537,544

[Consolidated Statement of Comprehensive Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net income	1,122,732	537,544
Other comprehensive income		
Valuation difference on available-for- sale securities	-91,026	139,477
Deferred gains or losses on hedges	1,627	-1,410
Foreign currency translation adjustments	2,371	-2,610
Remeasurements of defined benefit plans	917	39,650
Total other comprehensive income	-86,110	175,107
Comprehensive income	1,036,622	712,651
Breakdown		
Comprehensive income attributable to owners of parent	1,036,622	712,651

[Consolidated Statements of Changes in Shareholders' Equity]

Previous 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
Acquisition 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					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other 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
Acquisition 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

Current Fiscal Year (April 1, 2020–March 31, 2021)

(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	6,982,526	-107,515	9,928,510
Changes of items during the period					
Dividends from surplus			-341,127		-341,127
Net income attributable to owners of parent			537,544		537,544
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	196,416	-	196,416
Balance at the end of current period	1,603,955	1,449,544	7,178,942	-107,515	10,124,926

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	-224,438	-5,537	2,610	-64,895	-292,261	9,636,249
Changes of items during the period						
Dividends from surplus						-341,127
Net income attributable to owners of parent						537,544
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	139,477	-1,410	-2,610	39,650	175,107	175,107
Total changes of items during the period	139,477	-1,410	-2,610	39,650	175,107	371,523
Balance at the end of current period	-84,960	-6,948	-	-25,245	-117,154	10,007,772

[Consolidated Statement of Cash Flows]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,688,446	889,976
Depreciation and amortization	724,183	729,258
Amortization of goodwill	30,385	30,385
Increase (decrease) in allowance for doubtful accounts	24,728	4,068
Increase (decrease) in provision for bonuses	143,701	-10,361
Increase (decrease) in retirement benefit liability	115,954	143,058
Loss (gain) on sale of investment securities	2,642	67,718
Interest and dividends income	-98,659	-89,805
Interest expenses	55,518	58,203
Loss on retirement of fixed assets	1,382	3,648
Loss (gain) on sales of fixed assets	-	-3,606
Gain on reversal of asset retirement obligations	-	-11,100
Gain on sales of affiliates	-	-13,735
Recoveries of written off receivables	-	-5,866
Impairment loss	311,217	2,020,772
Decrease (increase) in notes and accounts receivable-trade	-4,638	-14,075
Decrease (increase) in inventories	17,640	-56,221
Decrease (increase) in accounts receivable - other	-37,365	-592,079
Decrease (increase) in accrued consumption taxes	-1,715	89,524
Decrease (increase) in notes and accounts payable-trade	-10,515	19,429
Decrease (increase) in accounts payable - other and accrued expenses	17,962	-9,876
Increase (decrease) in accrued consumption taxes	43,046	43,210
Increase (decrease) in advances received	-13,792	-117,554
Decrease (increase) in other current assets	38,382	-39,341
Decrease (increase) in other fixed assets	152,568	158,109
Increase (decrease) in other current liabilities	-72,654	28,122
Increase (decrease) in other fixed liabilities	3,297	3,033
Other	181	-
Subtotal	3,131,899	3,324,895
Interest and dividends income received	9,249	17,338
Interest expenses paid	-59,856	-59,340
Income taxes (paid) refund	-760,420	-813,724
Net cash provided by (used in) operating activities	2,320,872	2,469,167

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	-865,830	-634,740
Purchase of intangible assets	-33,713	-9,360
Proceeds from sales of tangible fixed assets	-	5,120
Proceeds from subsidy income	1,208,435	443,436
Proceeds from sales of investment securities	17,578	222,153
Payments for guarantee deposits	-51,637	-63,469
Proceeds from collection of guarantee deposits	25,677	18,846
Payments of long-term loans receivable	-120,000	-110,000
Collection of long-term loans receivable	263,820	264,716
Proceeds from sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	-	73,538
Other	-25,347	-19,403
Net cash provided by (used in) investing activities	418,982	190,839
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	100,000	-
Repayments of short-term loans payable	-1,600,000	-
Proceeds from long-term loans payable	700,000	4,400,000
Repayments of long-term loans payable	-2,201,092	-1,906,063
Proceeds from disposal of treasury shares	81,427	-
Purchase of treasury shares	-107,438	-
Cash dividends paid	-322,338	-338,733
Net cash provided by (used in) financing activities	-3,349,442	2,155,203
Effect of exchange rate change on cash and cash equivalents	-365	-775
Net increase (decrease) in cash and cash equivalents	-609,951	4,814,435
Cash and cash equivalents at beginning of period	6,816,439	6,206,487
Cash and cash equivalents at end of period	6,206,487	11,020,922

(5) Notes on the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(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, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net assets per share	110.17 yen	114.42 yen
Net income per share	12.81 yen	6.15 yen

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

2. The Company's shares remaining in the trust, which are recorded as treasury stock in shareholders' equity, are included in treasury stock, which is deducted in the calculation of the average number of shares outstanding during the period, for the purpose of calculating net income per share.

The average number of shares during the period excluded from the calculation of net income per share was 22,777 shares for the previous fiscal year and none for the current fiscal year.

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

	Previous Fiscal Year (Apr. 1, 2019 - March 31, 2020)	Current Fiscal Year (Apr. 1, 2020 - March 31, 2021)
Net income attributable to owners of parent (thousand yen)	1,122,732	537,544
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common stock (thousand yen)	1,122,732	537,544
Average number of shares of common stock during the period (shares)	87,649,993	87,468,693

(Significant events after the reporting period)

Not applicable