

The No.1 operator of children's daycare services in Japan

JP-HOLDINGS, INC.

3rd Quarter Financial Results for the Fiscal Year ending March 2018



TSE 1 (2749)

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

Company 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	Kazuhiro Ogita, President and Representative Director
No. of Employees	Employees: 3,084 / Part-time workers: 2,290 *As of December-end 2017
Consolidated Subsidiaries	Japan Nursery Service Inc. (Capital stock: 99 million yen / Wholly owned subsidiary)
	Shikoku Nursery Service Inc. (Capital stock: 10 million yen / 51% 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 (Capital stock: 10 million yen / Wholly owned subsidiary)
	Amenity Life Inc.(Capital stock: 70 million yen / Wholly owned subsidiary)
	COHAS VIETNAM CO., LTD(Capital stock: 6,834,million VND / Wholly owned subsidiary)
Equity-method Affiliate	KODOMOLOGY Co.,Ltd. (Capital stock: 100 million yen / 49% owned affiliate)
Business Areas	Nursery Service (Japan Nursery Service, Shikoku Nursery Service, Amenity Life, KODOMOLOGY 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)

Company Overview

Business Summary

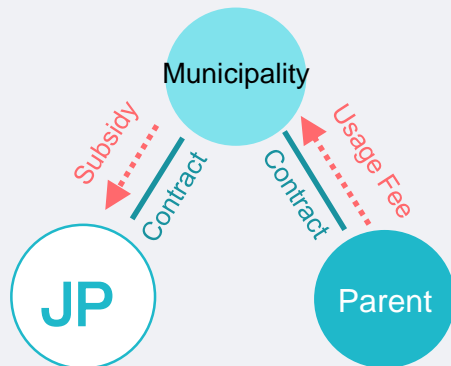
► Operation of Child Rearing Facilities (Public and Private)

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

Private Facilities

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

Licensed School

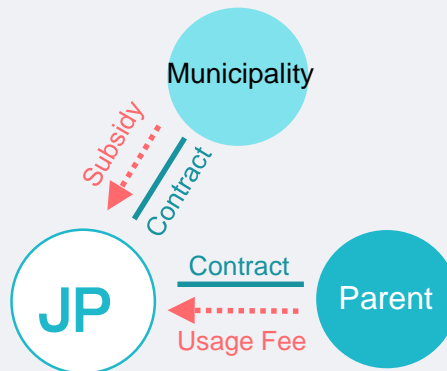


Licensed schools
(Public-private management)

Revenue from User
(Burden of Actual Cost)

Subsidy
(Designated
Management Fee)
※depends on municipality

Tokyo Licensed Nursery School

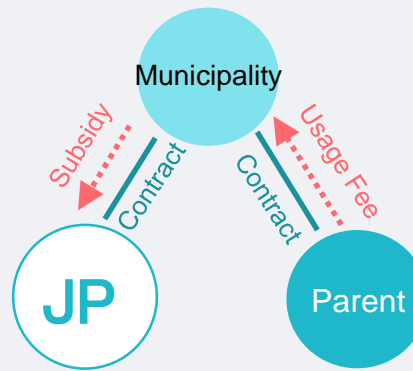


Licensed schools
(Private management)

Revenue from User
(Burden of Actual Cost)

Subsidy
(Official Price)
+
(Addition by
Municipality)
※depends on municipality

School Club, Children's House



Revenue from User
(Childcare Charge +
Burden of Actual Cost)

Subsidy
(Tokyo Met. Gov't)
+
(Addition by
Municipality)
※depends on municipality

Revenue from User
(Burden of Actual Cost)

Subsidy
(Designated
Management Fee)
or
(Trustee Fee)
※depends on municipality

Private School Club

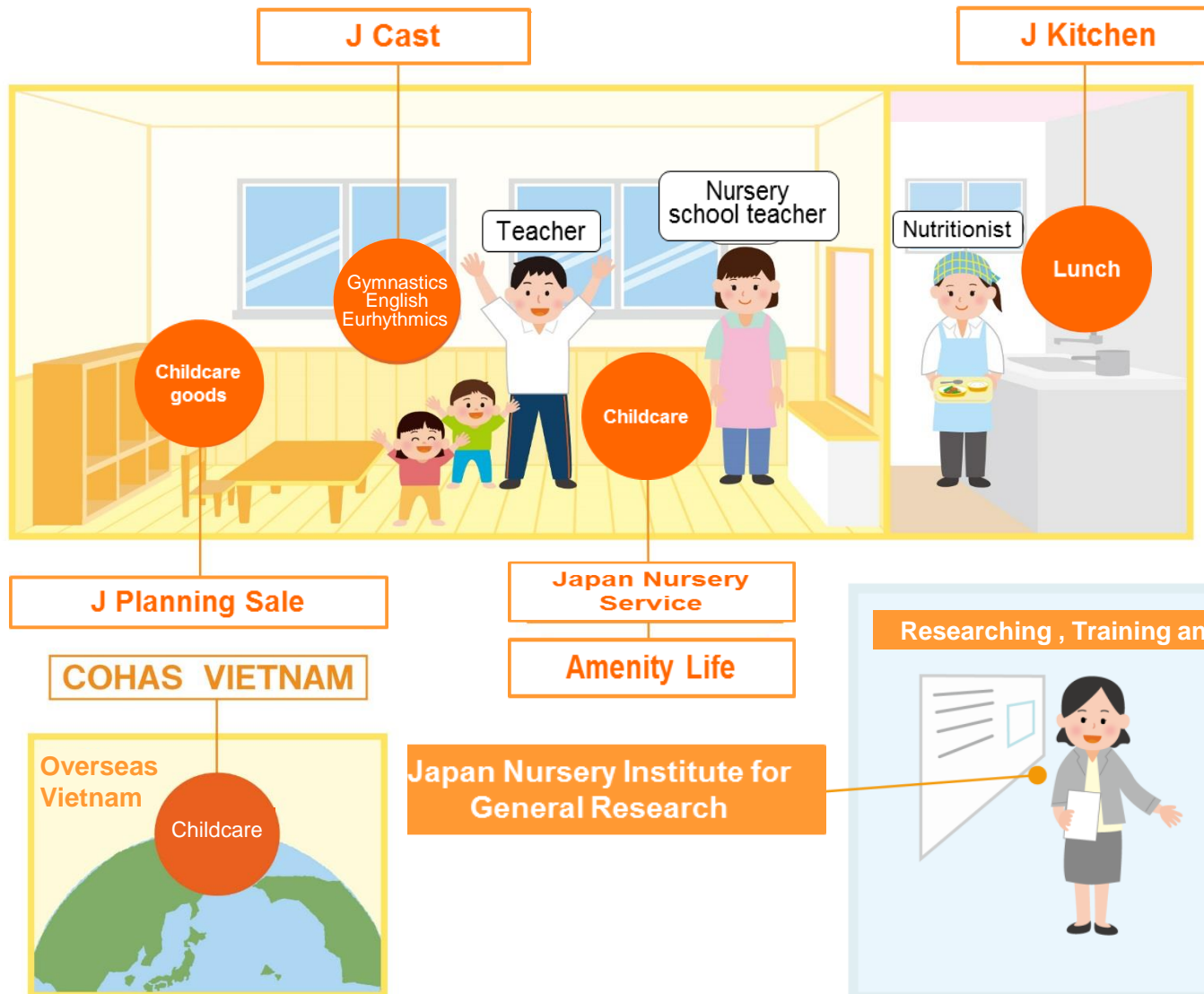


Revenue from User
(Childcare Charge +
Burden of Actual
Cost)

Contract
Form

Structure
of Sales

Image of JP Holdings' Group Structure



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

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.

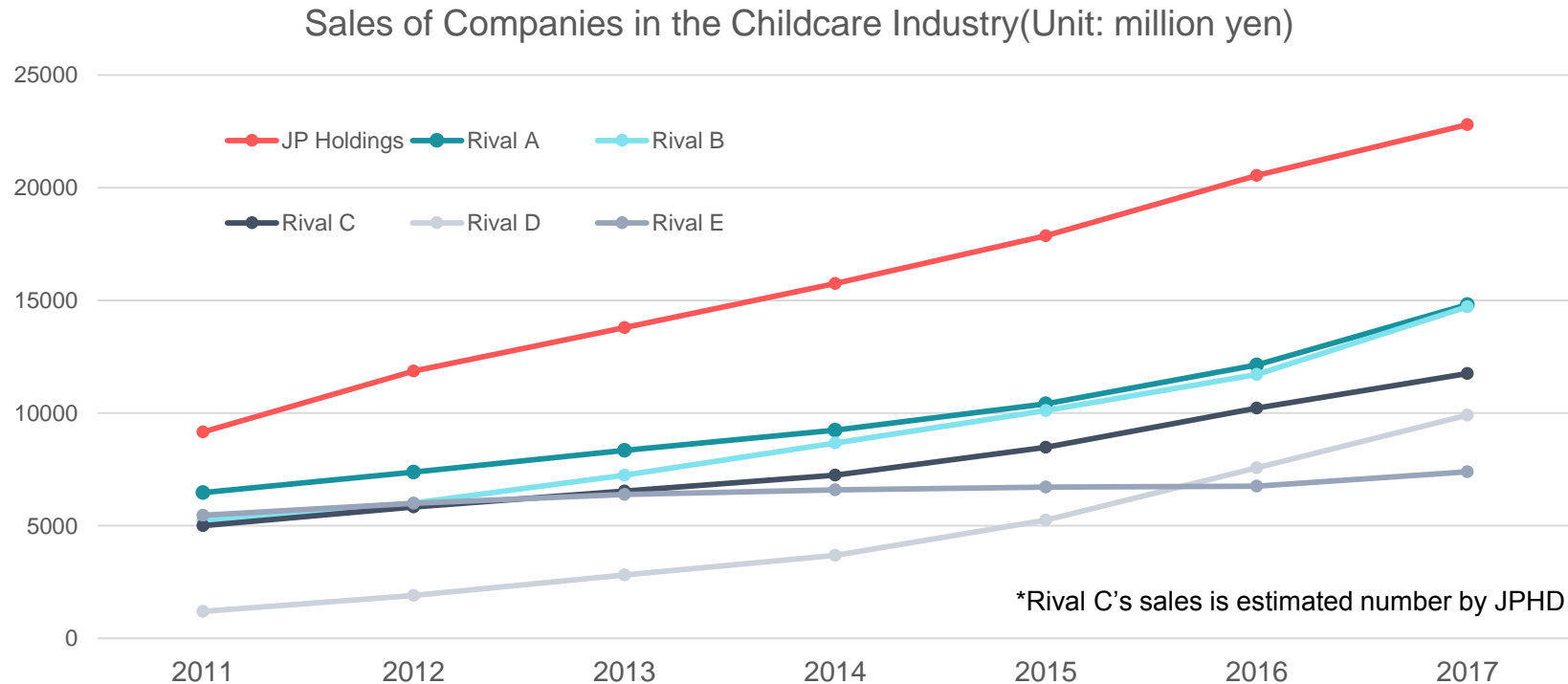
We strive for continual self-improvement to be models to children. We also strive to connect with children with passion and a sense of responsibility, and to acquire strong ethical values and social conscience.

▶ 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

JP Holdings is the largest operator in the Industry

- ▶ We have significantly pulled away from our rivals to stay as the **largest operator in the industry**. We have held the number one spot for sales in the childcare services industry for the past five years in a row.
- ▶ **Our strengths** lie in the wealth of our management, results (number, scale, location and form), our relationship with major municipalities in Japan and management that makes the maximum use of economies of scale to achieve a reduction in costs.



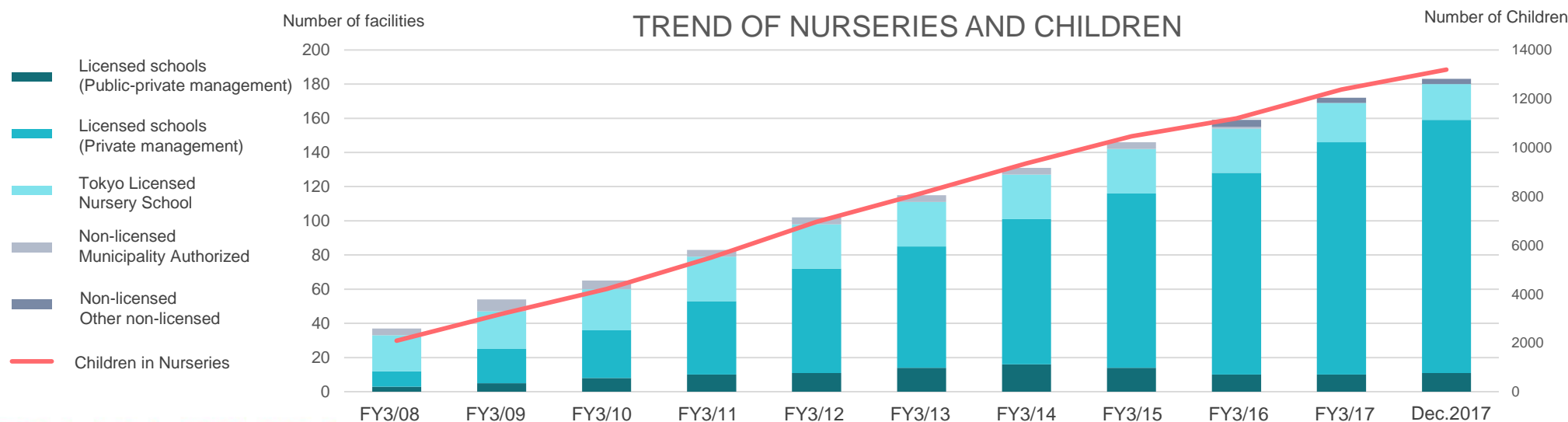
Source: Based on the past six years of the Nikkei MJ's *Service Industry Survey*

No. of Facilities Operated

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	As at Dec.2017
Licensed schools (Public-private management)	3	5	8	10	11	14	16	14	10	10	11
Licensed schools (Private management)	9	20	28	43	61	71	85	102	118	136	148
Tokyo Licensed Nursery School	21	22	24	26	26	26	26	26	26	23	21
Non-licensed Municipality Authorized	4	7	5	4	4	4	4	4	1	0	0
Non-licensed Other non-licensed	0	0	0	0	0	0	0	0	4	3	3
Joint establishment with amusement facilities	2	2	1	0	0	0	0	0	0	0	0
School clubs	18	22	26	37	39	40	43	46	55	63	71
Children's houses	6	8	6	9	7	8	8	8	10	12	12
Private school clubs	0	0	0	0	0	0	0	0	0	4	5
Overseas Facility	0	0	0	0	0	0	0	0	0	0	1
Total	63	86	98	129	148	163	182	200	224	251	272

*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

*Other than the above, opened one overseas facility(kindergarten) on a franchise basis on Sep. 5th 2017.



No. of Facilities Operated by Region

No. of Facilities Operated (FY3/17)	
Nursery schools	:183
School clubs	:71
Children's houses	:12
Private school clubs	:5
Kindergarten (Overseas Facility)	:1
Total	:272

*Other than the above, opened one overseas facility (kindergarten) on a franchise basis on Sep. 5th 2017.

Hokkaido
Licensed nursery schools: 3

Tohoku
Licensed nursery schools: 11

Chubu
Licensed nursery schools: 9
School clubs: 3
Children's houses: 6

Kyushu • Okinawa
Licensed nursery schools: 5

Kinki
Licensed nursery schools: 6

Kanto
Lic. nursery schools: 125
Non-lic. nursery schools: 24
School clubs: 68
Children's houses: 6
Private school clubs: 5

Vietnam
Kindergarten: 1

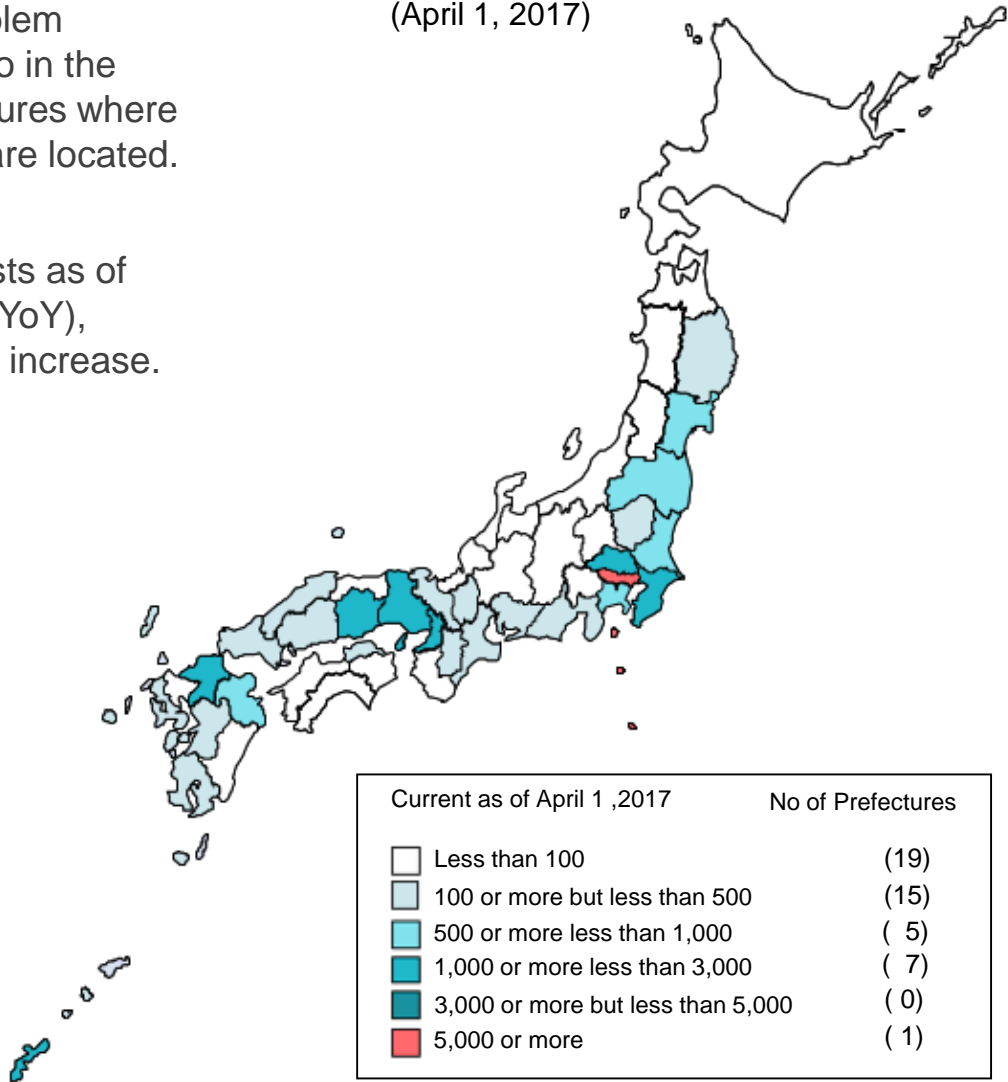
Kindergarten : 1
(on franchise basis)

Business Environment and Our Maneuvers

Current Waiting List Situation

- ▶ The **child day care waiting** list problem remains serious. This is especially so in the Tokyo metropolitan area and prefectures where major cities (e.g. designated cities) are located. (Refer to the map on the right.)
- ▶ The number of children on waiting lists as of Apr. 2017 is 26,081 (2,528 increase YoY), which means 3 consecutive years of increase.

National Waiting List Map
(April 1, 2017)



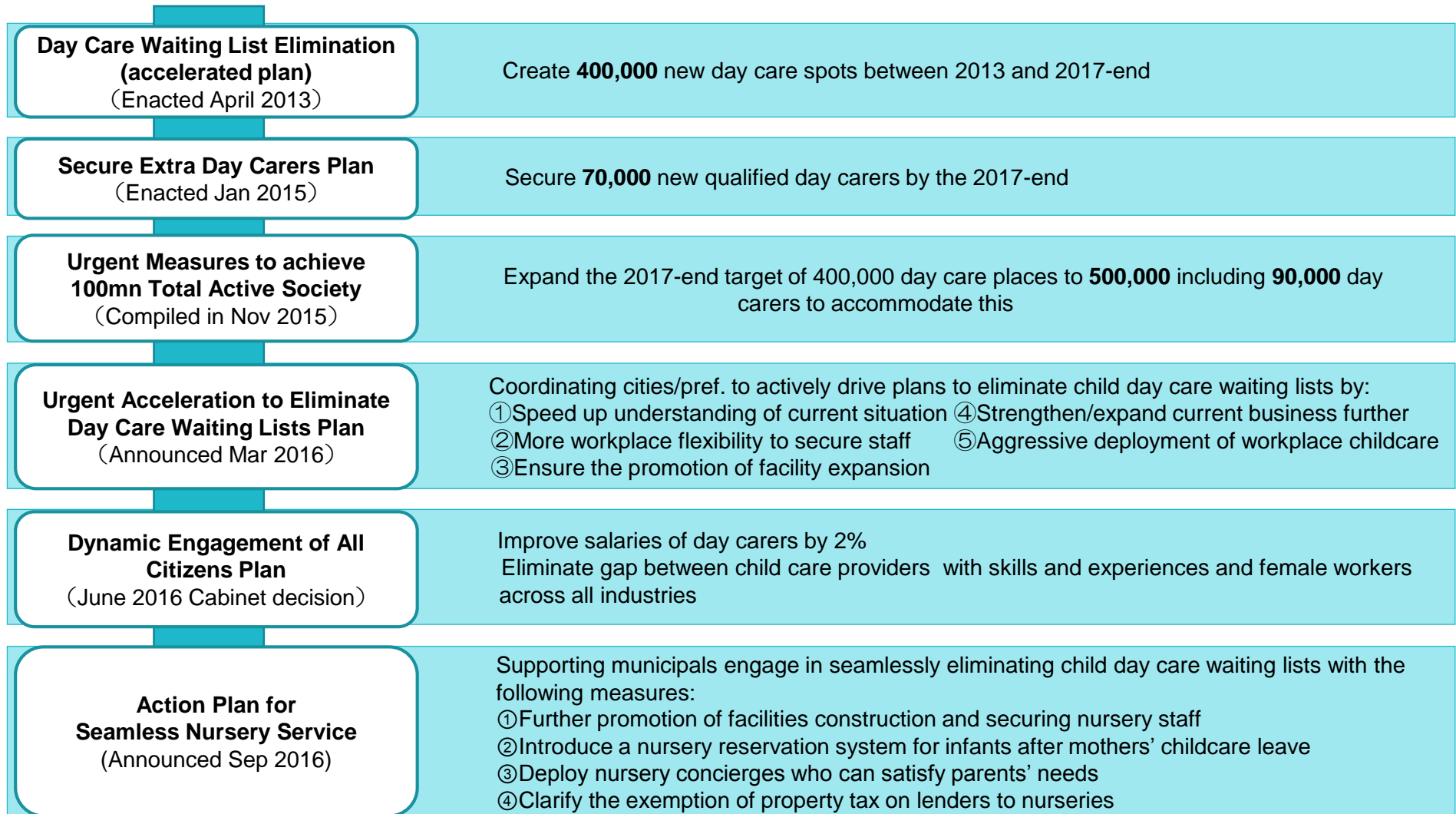
Current as of April 1 ,2017	No of Prefectures
Less than 100	(19)
100 or more but less than 500	(15)
500 or more less than 1,000	(5)
1,000 or more less than 3,000	(7)
3,000 or more but less than 5,000	(0)
5,000 or more	(1)

※On March 2017, a “new definition” of children on waiting lists was decided and was applied from April 2017. Children whose parents are on child care leave shall be included if parents would wish to work after leave.
There is a possibility of further increases of children on waiting lists.

Prefecture	No. of Children on the waiting List
Hokkaido	65
Aomori	0
Iwate	178
Miyagi	790
Akita	41
Yamagata	67
Fukushima	616
Ibaraki	516
Tochigi	131
Gunma	2
Saitama	1,258
Chiba	1,787
Tokyo	8,586
Kanagawa	756
Niigata	2
Toyama	0
Ishikawa	0
Fukui	0
Yamanashi	0
Nagano	0
Gifu	2
Shizuoka	456
Aichi	185
Mie	100
Shiga	356
Kyoto	227
Osaka	1,190
Hyogo	1,572
Nara	287
Wakayama	29
Tottori	0
Shimane	119
Okayama	1,048
Hiroshima	186
Yamaguchi	100
Tokushima	94
Kagawa	227
Ehime	97
Kochi	73
Fukuoka	1,297
Saga	34
Nagasaki	190
Kumamoto	275
Oita	505
Miyazaki	36
Kagoshima	354
Okinawa	2,247
Total	26,081

Source: Ministry of Health, Labour and Welfare’s Nursery School Situation Summary (April 1, 2017)

Gov't Efforts to Eliminate Waiting Lists(1)



Source :
Prime Minister's Office home page- "Preventing Child day care waiting lists – working to create an environment of raising children in peace"
*Translated by JPHD

Gov't Efforts to Eliminate Waiting Lists(2)

Plan for Raising Children in Peace of Mind

(Announced Jun 22, 2017)

Secured budget for c.220 thousand children in 2 years and aim to eliminate day care waiting lists by the end of FY2020 at the latest
In addition, prepare capacity of c.320 thousand children to cope with an 80% employment rate of women by the end of FY2022

“Main contents of 6 assistant packages”

- ①Expand capacity of child rearing ② Secure child rearing personnel
- ③ Promote close assistance to parents ④Assure quality of child rearing
- ⑤Secure sustainable child rearing system ⑥Work style reform related to child rearing

NEW New Economic Policy Package

(Dec 8,2017,Cabinet decision)

“Human Resources Development Revolution ”

Free early childhood education

- Free fees with all children between the ages of 3 and 5 who attend kindergartens and nurseries
- For the children under the age of 2, households with exemption of municipal residence tax will be covered with free fees
Start from Apr. 2019 partially, and fully realize from Apr. 2020

Expanded
needs
of nurseries

Elimination of childcare placement waiting lists

- Bring forward the implementation of “Plan for Raising Children in Peace of Mind” and offer 320 thousands child care places by the end of 2020
- Further wage increase by 1 %(equivalent to 3,000 ¥/m) will be made from Apr. 2019

Enhancement
to secure nursery
teachers

Source: Ministry of Health, Labour and Welfare's *Plan for Raising Children in Peace of Mind*
Cabinet Office, *New Economic Policy Package*

*Translated by JPHD

Action plan of Tokyo Metropolitan Gov't for eliminating child day care waiting lists

▶ Additional plan for eliminating child day care waiting lists

Announced by Bureau of Social Welfare and Public Health and Bureau of Industrial and Labor Affairs on Sept. 15th 2017

First Pillar: Promote setting up of nurseries etc.

- 1. Expand subsidy on rent** : Extend the support period of rent subsidy beyond 6 years after opening
- 2. Support companies which tackle enterprise driven nurseries** : Assist on expenses for fixtures necessary for opening nurseries and those out of scope for national subsidy 【Max. amount : 3 million yen 】
- 3. Support to secure and expand regional frame of enterprise driven nurseries** : Add regional frame of enterprise driven nurseries for career-up subsidy on nurseries, school teachers etc. and assist salary increase of workers of enterprise driven nurseries.
- 4. Fulfill subsidy on demand of municipalities** : In case of setting up nurseries by utilizing rental facilities, assist expense to equip soundproof walls etc. (Unique initiative of Tokyo Metropolitan Gov't)
【Max. amount : 6.444 million yen Subsidiary rate:1/2】

Second Pillar: Secure Personnel

- 5. Promote ICT in nurseries etc. to reduce burden of workers in child rearing** : Initiate assistance on introducing nursery operation support system taking into account termination of national subsidy (Unique initiative of Tokyo Metropolitan Gov't) 【Max. amount : 2 million yen】
- 6. Expand enterprises to lend to students to be nursery school teachers etc. to secure nursery school teachers** : Expand reserve fund for re-employment, expand loan amount to hire more than 2 assistant workers in nursery, and assist on usage fee of enterprise to look after children of nursery school teachers

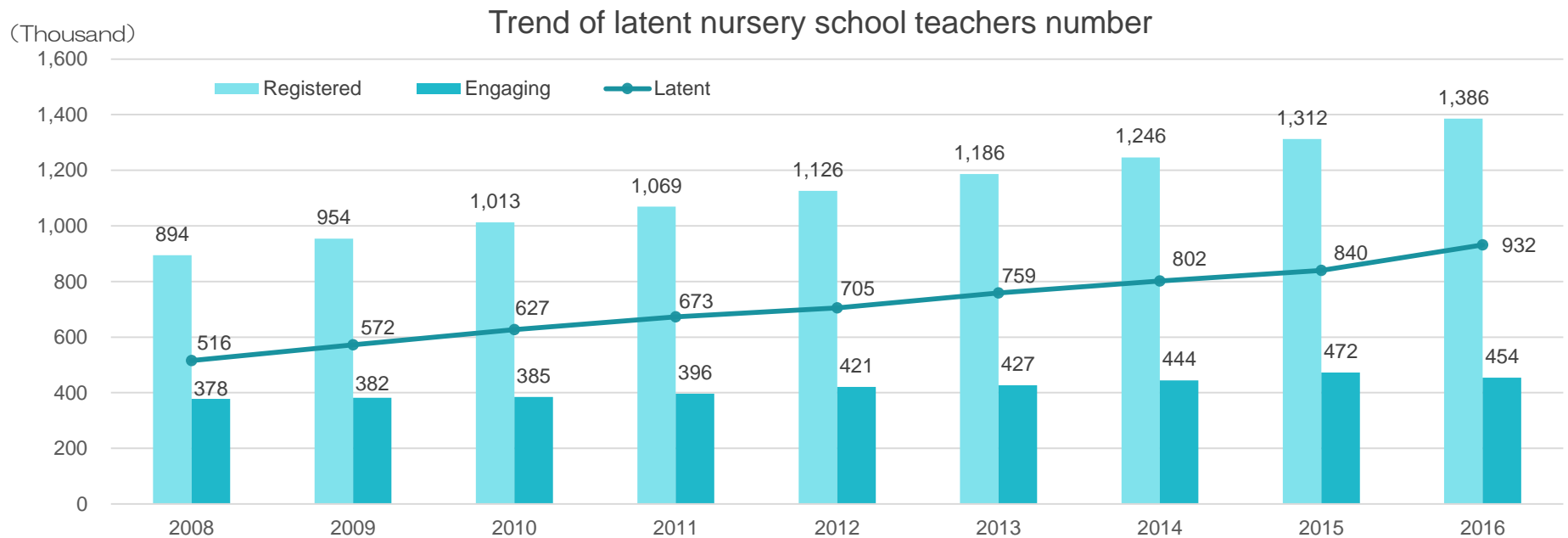
Third Pillar: Fulfill assistance on users

- 7. Further enhance countermeasures for safety of children in nurseries etc.** : Assist introducing equipment such as remote monitoring and baby sensor. 【Max. amount : 1 million yen】

Resource : Press Release dated September 15, 2017 by Bureau of Social Welfare and Public Health and Bureau of Industrial and Labor Affairs, Tokyo Metropolitan Government *Translated by JPHD

Current Nursery School Teacher Shortage Situation(1)

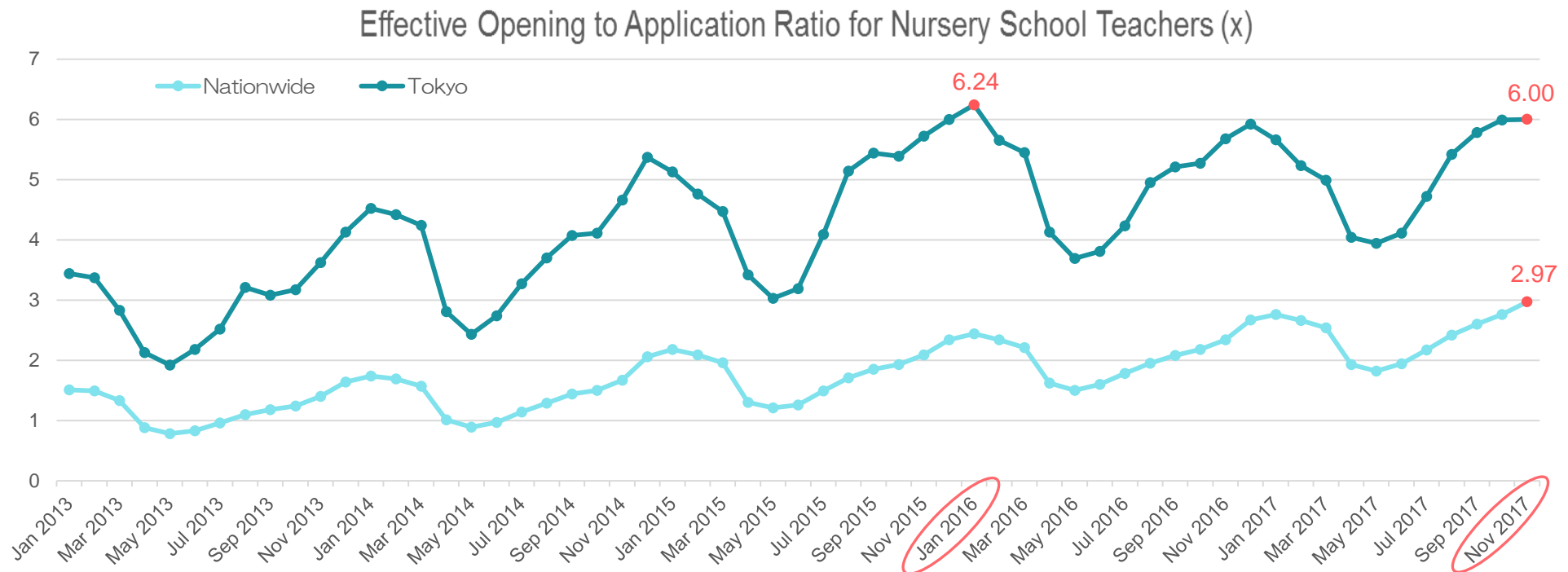
- ▶ Need to secure additional c. 90,000 child care staff to care 500,000 children by the end of 2017
- ▶ “Latent nursery school teachers”, who have qualified but do not currently engage in child care are approx. 932,000 (2016)
- ▶ Of 42,000 graduates from nursery school teacher training facilities only 22,000 (approx. half of all graduates) actually joined nurseries (*graduate numbers are as of 2014-end*)



Source : Registered : Investigation of Equal Employment, Child and Family Policy Bureau, MHLW
(Number at April 1 in each year)
Engaging : Investigation of Director-General for Statistics and Information Policy, MHLW
(Number at October 1 in each year) *Translated by JPHD
(N.B.)Engaging number for 2015 includes qualified nursery school teachers, child care staff and family caregivers

Current Nursery School Teacher Shortage Situation(2)

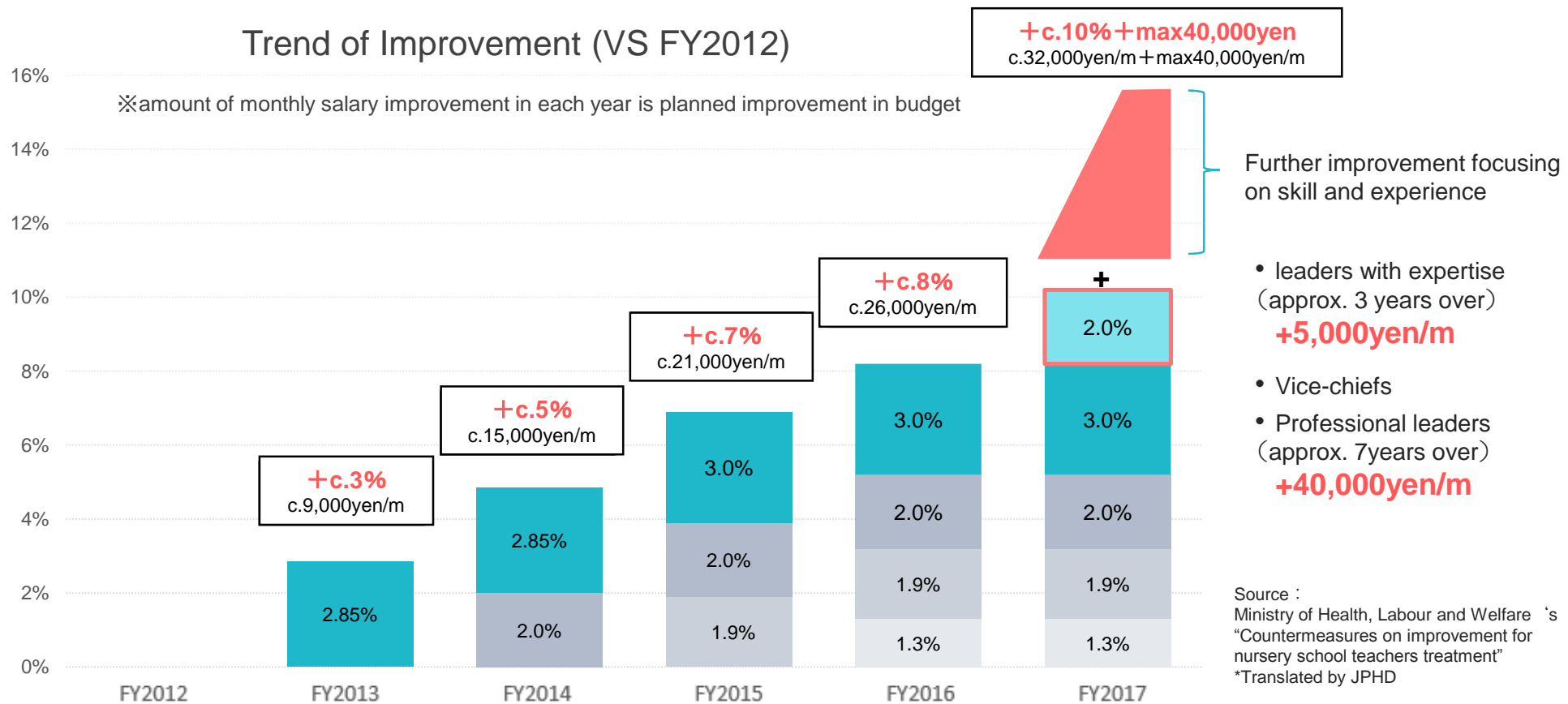
- ▶ The effective opening to application ratio for nursery school teachers remains at a high level. There continues to be a shortage of nursery school teachers on a nationwide scale.
- ▶ The effective opening to application ratio for nursery school teachers in Tokyo is over 6-fold. The employment situation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

Trend of improvement for nursery school teachers treatment by Gov't

- ▶ On Dec 22 2016, Cabinet decided Gov't budget plan for FY2017
- ▶ Besides a 2% (c. 6,000 yen/month) increase in salary for all personnel , the plan adds 5,000 yen for leaders with expertise and 40,000 yen/month for senior personnel



Treatment Improvement by Municipalities

▶ Tokyo Metropolitan Government

Improve wages by an average 21,000 yen or equivalent monthly for nursery school teachers from FY2017

【Career-up assistance for nursery school teachers etc. ¥24.4bn 】 (Budget plan FY2017)

▶ Chiba Prefecture

Add 20,000 yen monthly for nursery school teachers as wage assistance from FY2017
(1/2 of improvement assisted by municipalities (In case of designated cities: 1/4))

【Treatment improvement for nursery school teachers ¥550mn 】 (Supplementary budget plan FY2017)

Source :

Bureau of Finance, Tokyo Metropolitan Government “*Summary of FY2017 Budget Plan of Tokyo*”

Chiba Prefectural Government “*FY2017 Supplementary Budget Plan as of June 2017 Documents on Main Policies*”

*Summarized and translated by JPHD

Our Plan to Secure Nursery School Teachers

Continue salary increase

- Continue salary increase
- From Nov 2017, additional measures were introduced
 - (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)
 - ※ Provided retroactively from Apr. 2017

Enhance recruitment

- Hold seminars and bus tours to visit nurseries according to career level around Japan
- Provide employment support money
- Arouse interest for potential nursery school teachers by recruiting short time or late time workers who have segmented needs

Acquire qualification of childcare

- Started a benefit scholarship system from FY3/16. This supports those aspiring to be nursery school teachers from their student days and leads to their desire to join our company.
- Started training course recruitment for those who are unqualified but who are looking to pass the national test at our company from FY3/16.
- Expanded recruitment of kindergarten teachers who are willing to become qualified nursery staffs with sponsored support.

Mitigate burden

- Reduce the daily burdens on day carers by employing administration staff and janitors
- Reduce burden of office works through ICT
- Allocate part time workers specifying to late time of a day and reduce burden of regular employees

Recruitment of Nursery School Teachers

		FY2015	FY2016	FY2017	FY2018 (*3)
Nursery School Teacher	New Graduates	178	197	247	250
	Mid career employment	219	241	317 (*2)	131
Non qualified*	New Graduates	— (*1)	23	32	47

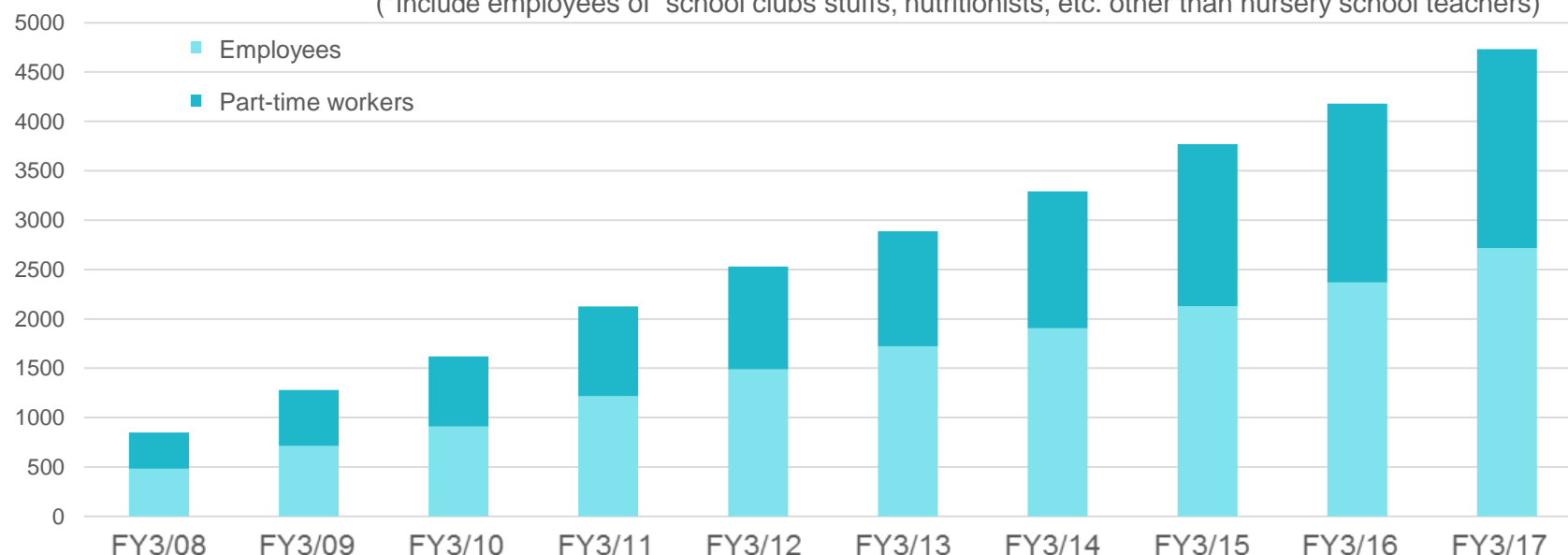
*1 After joining JPHE non qualified graduates are expected and assisted to acquire nursery school teacher qualification. Started this recruitment style from FY2016

*2 Includes prospective employees and seconded employees to associated companies (As of Dec.2017 ended)

*3 Numbers of prospective employees who join from Apr 2018
Incl. seconded employees to associated companies(As of Dec.2017 ended)

Trend of Employee Numbers in Child Rearing Business

(*Include employees of school clubs stuffs, nutritionists, etc. other than nursery school teachers)



3Q FY3/18 Results

3Q FY3/18 Financial Highlights (1)

- ▶ Revenue increased significantly mainly due to the opening of new facilities and growth in turnover at existing facilities
 - Net sales 19,771 million yen (YoY+18.2%)
- ▶ Operating income fell slightly short of the initial forecast due to the impact of expenses that were not anticipated at the beginning of the fiscal year, such as an increase of 90 M¥ in non-deductible consumption tax due to review of the tax classification of consumption tax, and 112 M¥ of costs related to an extraordinary shareholders meeting
 - Operating income 637 million yen (YoY -4.9%)
 - Ordinary income 855 million yen (YoY +5.7%)
- ▶ Facilities Operated
 - In FY03/2018, opened 11 nurseries and 8 school clubs, 1 private school club, and 1 private kindergarten(overseas facility), which totaled 21 facilities by December 2017
 - In FY03/2019, plan to newly establish and operate 15 nurseries, 2 in-house nurseries, 7 school clubs, which total 24 facilities
- ▶ Industry highlights
 - Policy cabinet approved on 8th Dec. 2017 “New Economic Policy Package”, which shows free early childhood education and further promoting elimination of child care placement waiting list, securing nursery school teachers and their wage increase

3Q FY3/18 Financial Highlights (2)

	3Q FY3/17	3Q FY3/18	Change	Year on Year Comparison (%)
Net sales (million yen)	16,720	19,771	3,050	18.2
Operating income (million yen)	669	637	- 32	- 4.9
Ordinary income (million yen)	809	855	46	5.7
Net income attributable to owners of parent (million yen)	466	484	18	3.9
Net income per share (yen)	5.56	5.70	0.14	—
Net assets per share (yen)	78.26	85.53	7.27	—
Shareholders' equity ratio (%)	25.8	28.0	2.2	—

FY3/18 New Openings

FY3/18 New Openings

Nursery School	: 11
School Club	: 8
Private School Club	: 1
Kindergarten (Overseas Facility)	: 1
Total	: 21

*In addition to the above, our existing Asc Kagurazaka Nursery School and Asc Hibarigaoka Nursery School became licensed on April 1, 2017.

*Other than the above, opened one overseas facility(kindergarten) on a franchise basis on Sep. 5th 2017.

Okinawa:

- 2 licensed nursery schools
- Asc Chatan Nursery School
- Asc Maezato Nursery School

Kanagawa:

- 2 licensed nursery schools
- Asc Chogo Nursery School
- Asc Imaiminami Nursery School
- 1 private school club
- AEL Yokohama Business Park

Miyagi:

- 1 licensed nursery school
- Asc Rifu Nursery School

Tokyo:

- 5 licensed nursery schools
- Gotanno Nursery School
- Asc Tokiwadai Nursery School
- Asc Nagasaki 1-chome Nursery School
- Asc Iwadokita Nursery School
- Asc Kamimeguro Nursery School

Tokyo:

- 8 school clubs
- Acty Yanagicho
- Sibasakikoen-kita No.1 School Club, No.2 School Club
- Shitaya Kids' Club A,B
- Matsuba Kids' Club A,B
- Hanabatake No.2 School Club

Fukuoka:

- 1 licensed nursery school
- Asc Takeshita Nursery School

Vietnam:

- 1 Kindergarten
- COHAS DA NANG (Da Nang)

- 1 Kindergarten
- * on franchise basis
- Cohas Kids (Ho Chi Minh)

3Q FY3/18 Profit and Loss Statement

	3Q FY3/17		3Q FY3/18		Year on Year Comparison	
	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Rate of Change (%)
Net sales	16,720	100.0	19,771	100.0	3,050	18.2
Cost of sales	14,217	85.0	17,018	86.1	2,800	19.7
Gross profit	2,502	15.0	2,753	13.9	250	10.0
SG & A expenses	1,832	11.0	2,116	10.7	283	15.4
Operating income	669	4.0	637	3.2	- 32	- 4.9
Non-operating income	184	1.1	276	1.4	91	49.7
Non-operating expenses	45	0.3	57	0.3	12	28.3
Ordinary income	809	4.8	855	4.3	46	5.7
Net income attributable to owners of parent	466	2.8	484	2.5	18	3.9

3Q FY3/18 Balance Sheet

	FY3/17 (Million Yen)	3Q FY3/18 (Million Yen)	Amount of Change (Million Yen)
Current assets	7,060	9,699	2,639
Cash and cash deposits	4,017	6,096	2,078
Accounts receivable	1,698	2,218	519
Non-current assets	16,941	16,365	- 575
Property and equipment, net	9,775	9,269	- 506
Intangible fixed assets	523	483	- 39
Investment and other assets	6,642	6,612	- 29
Total assets	24,002	26,065	2,063
Current liabilities	6,538	8,368	1,829
Long-term debt within one year maturity	3,250	2,797	- 452
Note and accounts payable	841	1,385	544
Non-current liabilities	10,608	10,394	- 214
Long-term debt	9,855	9,572	- 283
Total liabilities	17,147	18,762	1,615
Net assets	6,854	7,302	447
Total liabilities and net assets	24,002	26,065	2,063

JP Holdings' Strengths

JP Holdings' Strengths (1)

Safety Management

- Creation of a specialized department focused on safety management.
- Structure to share accident cases
- Security control by auto-lock and emergency call equipment
- Safe facilities protected by cushioned floor, doors with finger jam prevention
- AED deployment in all facilities
- Emergency lifesaving training for all staff members
- Development of various manuals (e.g. how to deal with disasters and abuse)



Nutrition Education

- Hand made lunch with event and local foods
- Cooking in nursery
- Dietary education activity support by food and agriculture guidance teams

Unique Program

- Gymnastics, English and eurhythmics courses

Development Support

- Facility patrol support by development support teams
- Suku-Suku Plus child support advisory center (Rehabilitation support project)

JP Holdings' Strengths (2)

Human Resources Development

- Training courses over 100 annually
- Oversea training in advanced countries in nursery education such as Germany and New Zealand
- Introduce E-learning to unify and improve quality of child rearing

Working Environment

- Reduce burden of office works through ICT
- Multi-layered follow system by tutor, manager and supervisor

Cost Management

- Central purchasing of nursery related goods by utilizing our scale merit



Mid-term Management Plan & Growth Strategy

For Plan Implementation

Key Objectives in the Period of the Plan

- (1) Enhance security measures and further improve the quality of childcare
- (2) Increase the number of children accepted by opening new facilities and increasing the number of nursery school teachers in existing facilities
- (3) Increase investment in human resources (strengthen recruitment activities, enhance human resource development and review the personnel assessment system)
- (4) Re-develop our business management structure (enhance our business risk management structure and strengthen group company cooperation)
- (5) Start work on new business aimed at expanding our revenue base

Measures to Achieve the Key Objectives

- (1) Further strengthen our safety management structure (promote cross-organizational structure enhancement)
- (2) Successive employee salary rises
- (3) Introduce systems in each field (reduce workload and optimize business management)
- (4) Further enhance policies aimed at securing nursery school teachers (increase recruitment budget)
- (5) Expanding our revenue base with new business (private school clubs, consulting service, overseas child rear business, in-house nurseries operation).

Concrete Measures(1)

► Overseas Child Rearing Business : Opened 2 kindergartens on Sep. 2017 in Vietnam

• COHAS DA NANG Opened on Sep. 12, 2017

Operated by 100% wholly owned subsidiary "COHAS VIETNAM CO., LTD"

Outline of the Facility	
Name	COHAS DA NANG
Location	Da Nang City, Vietnam
Enrollment Limit	200 children
Fee	Entrance fee 2,000,000 VND /at the time of entry Nursery fee 5,700,000 VND /month
Operating Hours	6:45-18:00 (Mon.- Sat.)

Outline of the Operator	
Name	COHAS VIETNAM CO., LTD
Location	Da Nang City, Vietnam
Representative	Naoto Nishii, Representative Director (Served concurrently as director of JP-HOLDINGS, INC.)
Business	Early childhood education business
Capital	6,834,000,000 VND (100% investment by JP-HOLDINGS, INC.)
Established	April 14, 2017

• Cohas Kids Opened on Sep. 5, 2017

Based on franchise contract with Viet Nhat Education Corporation, JPHD loan fund and provide know-how as franchisor

Outline of the Facility	
Name	Cohas Kids
Location	Ho Chi Minh City, Vietnam
Enrollment Limit	130 children
Fee	Entrance fee 3,000,000VND /at the time of entry Nursery fee 8,500,000 VND /month
Operating Hours	7:00-19:00 (Mon.- Fri.), 7:00-16:00 (Sat.)

Outline of the Operator	
Name	Viet Nhat Education Corporation
Location	Ho Chi Minh City, Vietnam
Representative	Nguyen Minh Thuan, Representative Director and President
Business	Operation of kindergartens
Capital	5,000,000,000 VND
Established	November 23, 2015

*Do not count as our operating facilities because of Franchisee's one



Concrete Measures(2)

▶ Private School Club (AEL)

Opened AEL Yushima on Sep. 2016 and AEL Yokohama Business Park on Apr. 2017

Provide unique program without subsidy from municipalities

『School Club』

Proper field for
play and study
after school
and weekend

+

Original Program
to enhance
power to live

+

Measures to
pass junior
high school
entrance exam
English, arithmetic,
etc.



▶ Consulting Service

Consulting for newly opening and operation of child rearing facilities

- Contracted (Incl. consecutive contracts from previous year) : 12
- Prospective new contracts : 3

Appendix

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

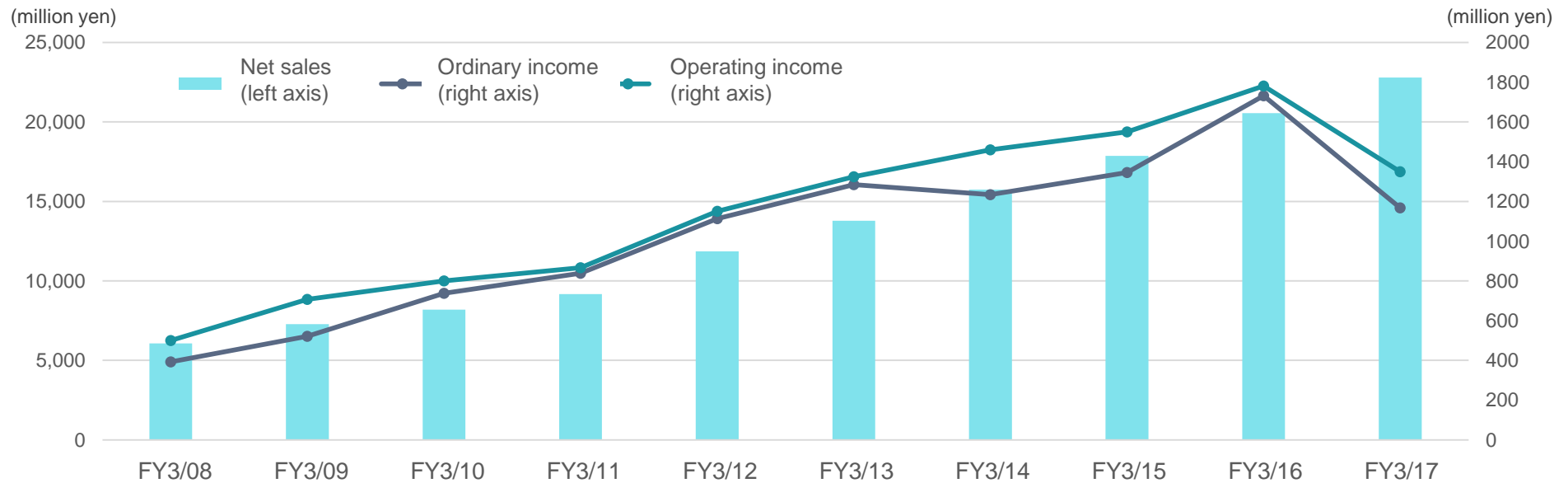
Overview of School Clubs and Children's Houses

	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	

Consolidated Results (Highlights)

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Net sales (million yen)	6,062	7,272	8,194	9,166	11,867	13,789	15,747	17,868	20,552	22,799
Operating income (million yen)	392	521	738	839	1,114	1,285	1,234	1,345	1,732	1,168
Ordinary income (million yen)	500	707	800	866	1,150	1,325	1,460	1,550	1,781	1,350
Net income attributable to owners of parent (million yen)	266	440	444	500	653	717	837	904	1,071	661
Net income per share (Yen)	3.60	5.98	6.06	6.67	7.83	8.60	10.03	10.84	12.84	7.87

* Net income per share is the amount that reflects the stock split.



Consolidated Results (Balance Sheet / Statement of Cash Flows)

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Total assets (million yen)	3,823	4,275	5,763	9,432	9,808	10,876	13,521	18,882	21,126	24,002
Net assets (million yen)	1,242	1,546	1,903	3,559	3,977	4,452	5,034	5,606	6,279	6,854
Shareholders' equity ratio (%)	32.4	36.1	32.9	37.7	40.5	40.9	37.2	29.7	29.7	28.5

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Cash flows from operating activities (million yen)	439	672	378	915	1,205	1,173	1,038	1,294	1,804	1,878
Cash flows from investing activities (million yen)	- 587	- 363	- 906	- 1,808	- 821	- 1,268	- 3,638	- 3,959	- 2,449	- 3,305
Cash flows from financing activities (million yen)	33	- 157	412	2,473	- 219	514	1,220	3,748	1,553	1,646
Year-end balance of cash and cash equivalents (million yen)	972	1,137	1,022	2,602	2,768	3,188	1,808	2,891	3,798	4,017

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.

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Amount of dividend per share (yen)	1.12	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
Payout ratio (%)	31.0	31.7	33.0	43.4	38.3	37.2	35.9	36.9	38.9	31.8

The amount of dividend per share reflects the stock split.

NADESHIKO Brand

We have been selected as a NADESHIKO Brand since 2015. We will continue to promote women's participation and advancement in the workplace proactively and aim to enhance corporate value.



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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