

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

# JP-HOLDINGS, INC.

Financial Results for the Fiscal Year ended 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: 3,094 / Part-time workers: 2,213 *As of March-end 2018
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 Inc. (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)
Business Areas	Nursery Service (Japan Nursery Service, Shikoku Nursery Service, Amenity Life, and COHAS VIETNAM )
	Gymnastics, English and Eurhythmics Schools Contracting Service (J Cast)
	Food Service (J Kitchen)
	Distribution Service (J Planning Sale)
	Researching , Training and Consulting Service (Japan Nursery Institute for General Research)

# 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

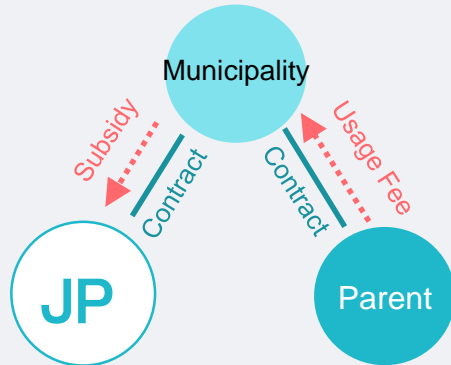
#### Tokyo Licensed Nursery School

#### School Club, Children's House

#### Private School Club

Contract Form

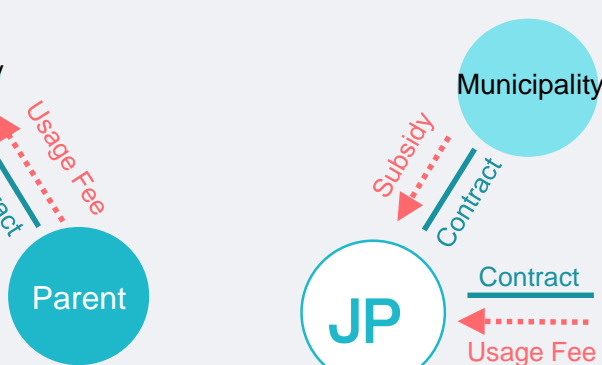
Structure of Sales



Licensed schools  
(Public-private management)

**Revenue from User**  
(Burden of Actual Cost)

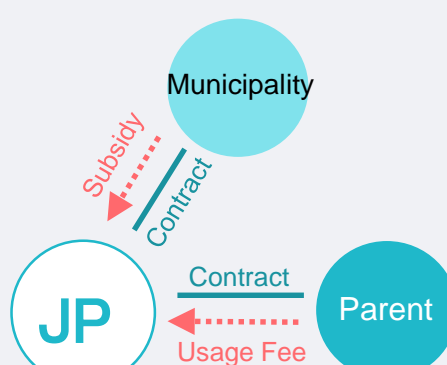
**Subsidy**  
(Designated Management Fee)  
※depends on municipality



Licensed schools  
(Private management)

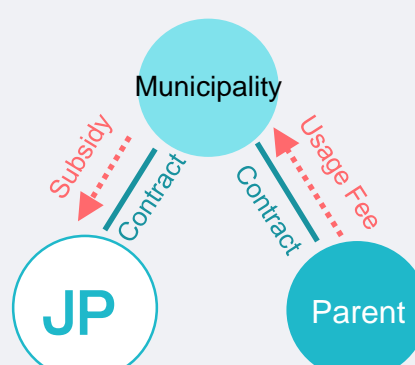
**Revenue from User**  
(Burden of Actual Cost)

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



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

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



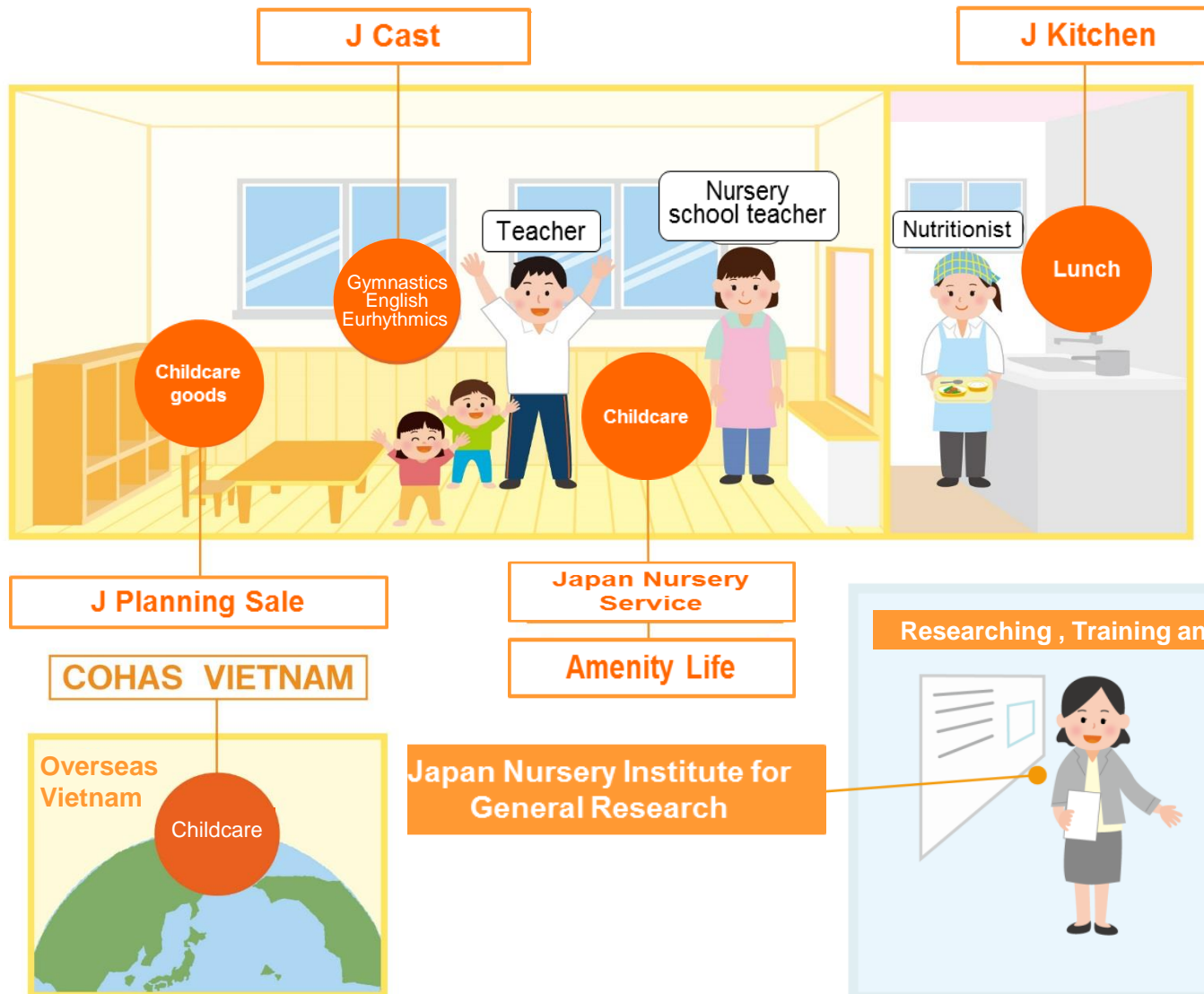
**Revenue from User**  
(Burden of Actual Cost)

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



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

# 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.

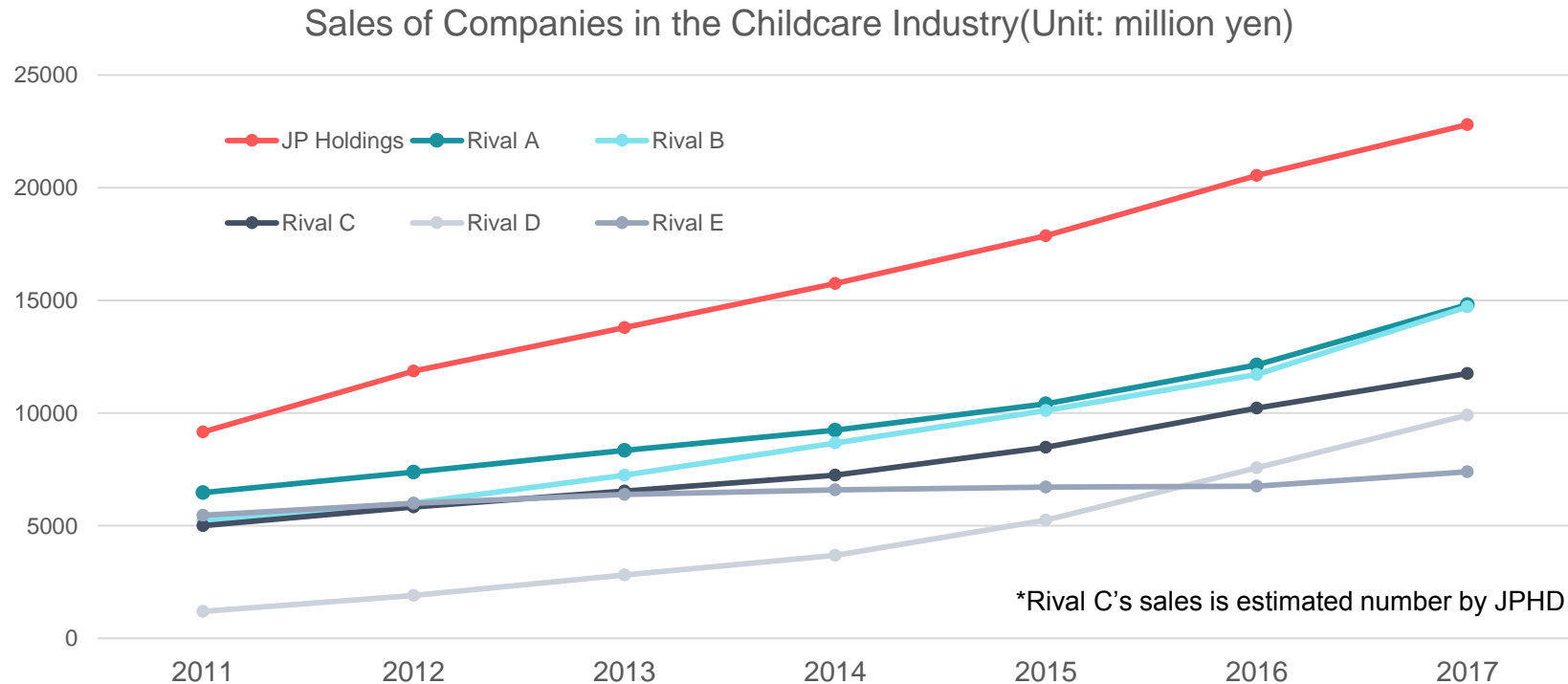
We strive for continual self-improvement to be models to children. We also strive to connect with children with passion and a sense of responsibility, and to acquire strong ethical values and social conscience.

## ▶ 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.



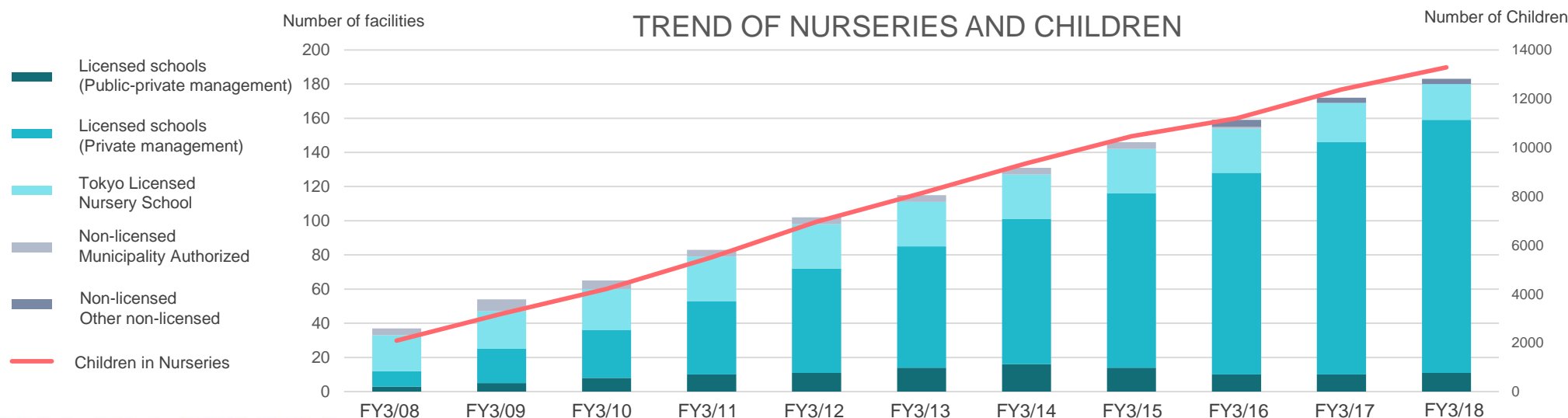
Source: Based on the past six years of the Nikkei MJ's *Service Industry Survey*

# No. of Facilities Operated

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
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 Othernon-licensed	0	0	0	0	0	0	0	0	4	3	3
Joint establishment with amusementfacilities	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
<b>Total</b>	<b>63</b>	<b>86</b>	<b>98</b>	<b>129</b>	<b>148</b>	<b>163</b>	<b>182</b>	<b>200</b>	<b>224</b>	<b>251</b>	<b>272</b>

\*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. 5<sup>th</sup> 2017.

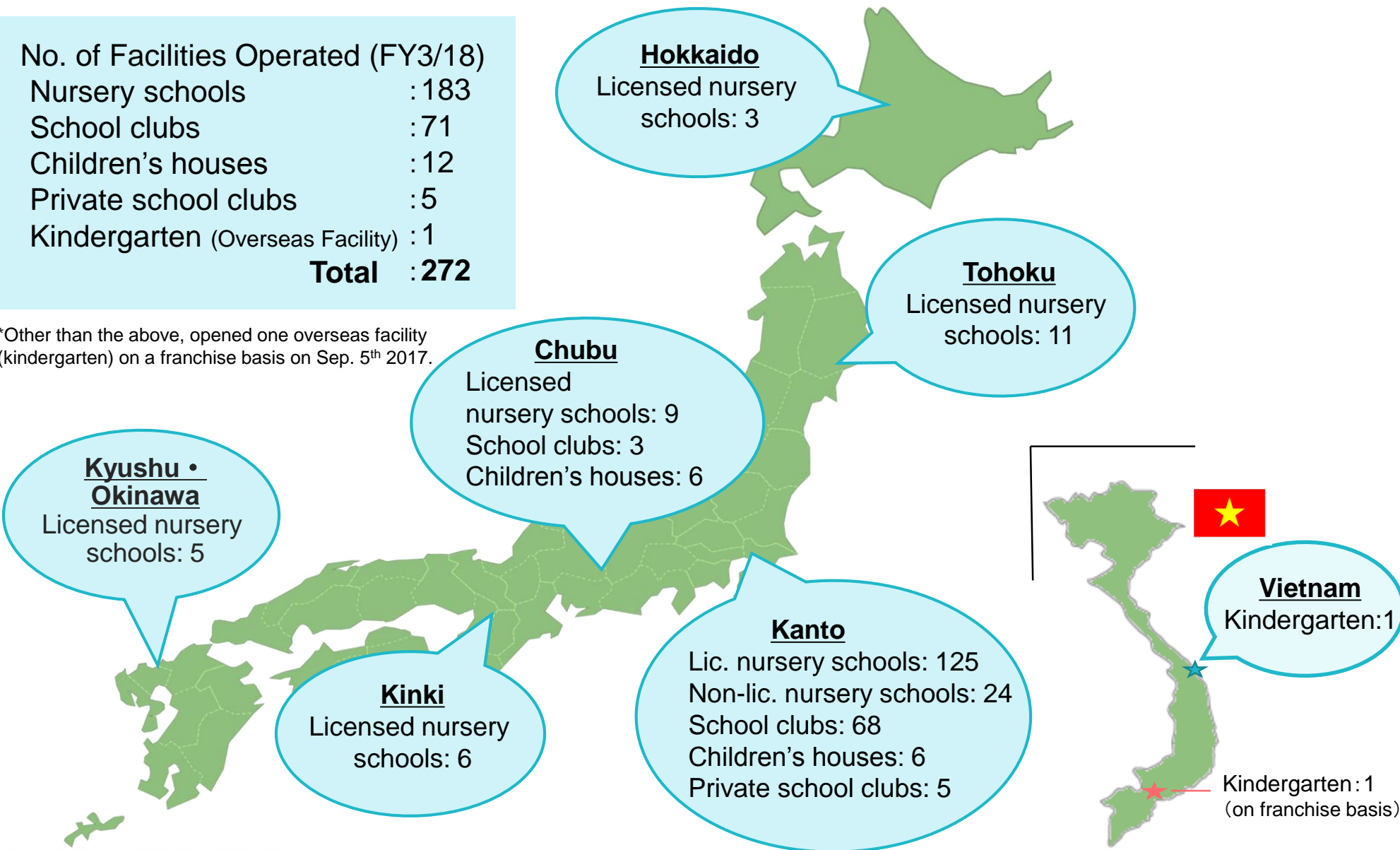




# No. of Facilities Operated by Region

No. of Facilities Operated (FY3/18)	
Nursery schools	:183
School clubs	:71
Children's houses	:12
Private school clubs	:5
Kindergarten (Overseas Facility)	:1
<b>Total</b>	<b>:272</b>

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

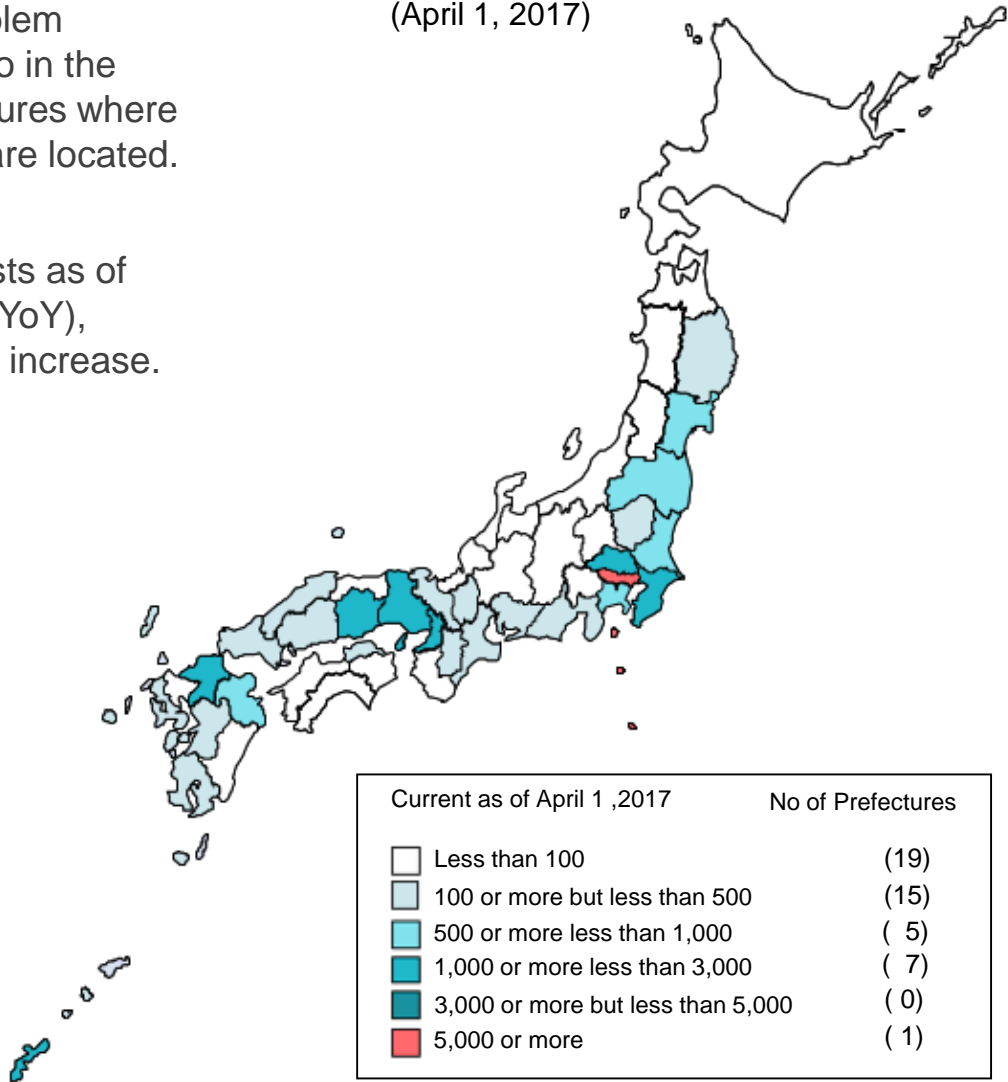


# Business Environment and Our Maneuvers

# 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)



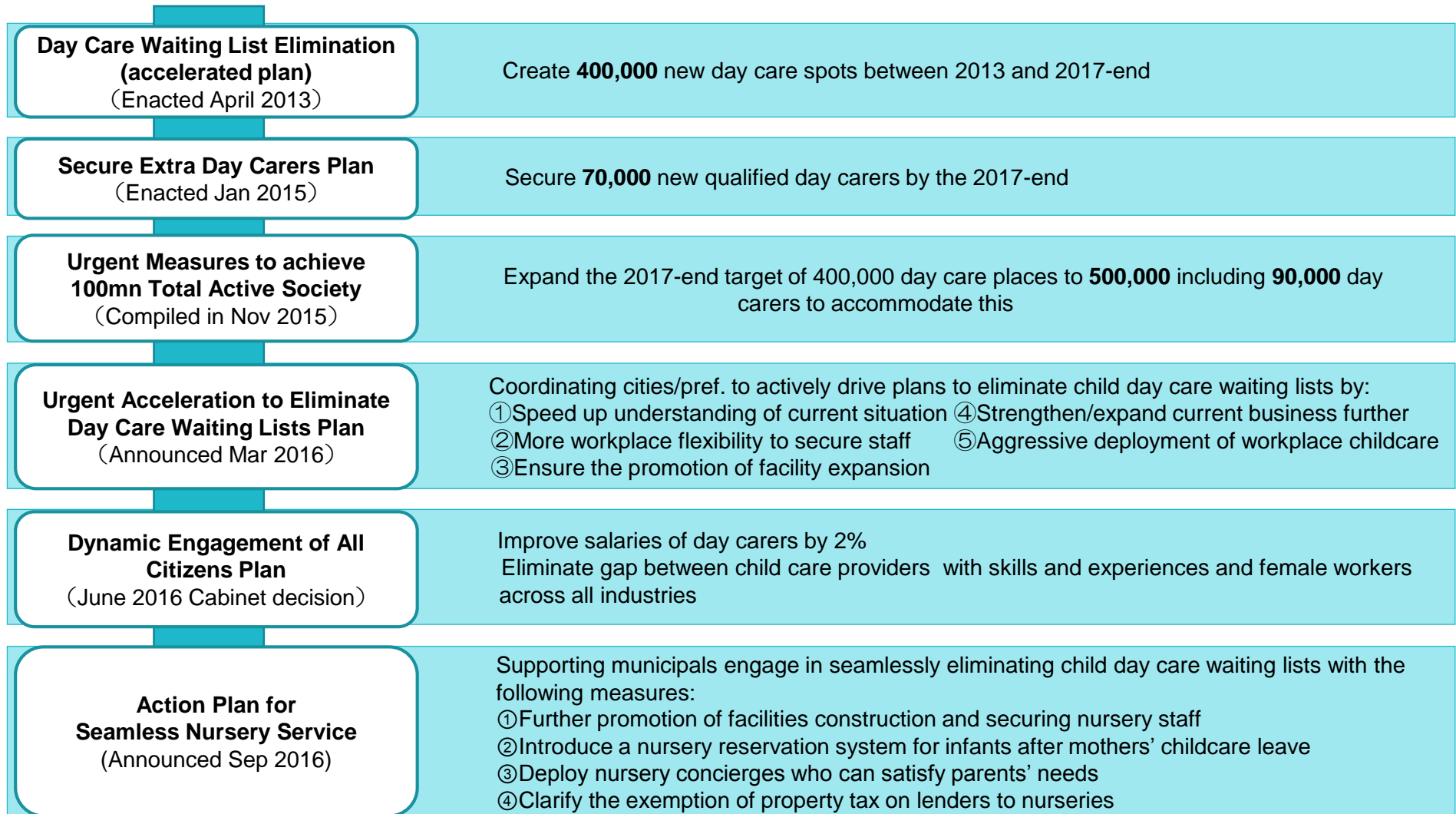
Current as of April 1 ,2017		No of Prefectures
<span style="display:inline-block; width:15px; height:15px; background-color:white; border:1px solid black;"></span> Less than 100		(19)
<span style="display:inline-block; width:15px; height:15px; background-color:lightblue; border:1px solid black;"></span> 100 or more but less than 500		(15)
<span style="display:inline-block; width:15px; height:15px; background-color:mediumblue; border:1px solid black;"></span> 500 or more less than 1,000		( 5)
<span style="display:inline-block; width:15px; height:15px; background-color:darkblue; border:1px solid black;"></span> 1,000 or more less than 3,000		( 7)
<span style="display:inline-block; width:15px; height:15px; background-color:teal; border:1px solid black;"></span> 3,000 or more but less than 5,000		( 0)
<span style="display:inline-block; width:15px; height:15px; background-color:red; border:1px solid black;"></span> 5,000 or more		( 1)

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

※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.

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. 15<sup>th</sup> 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

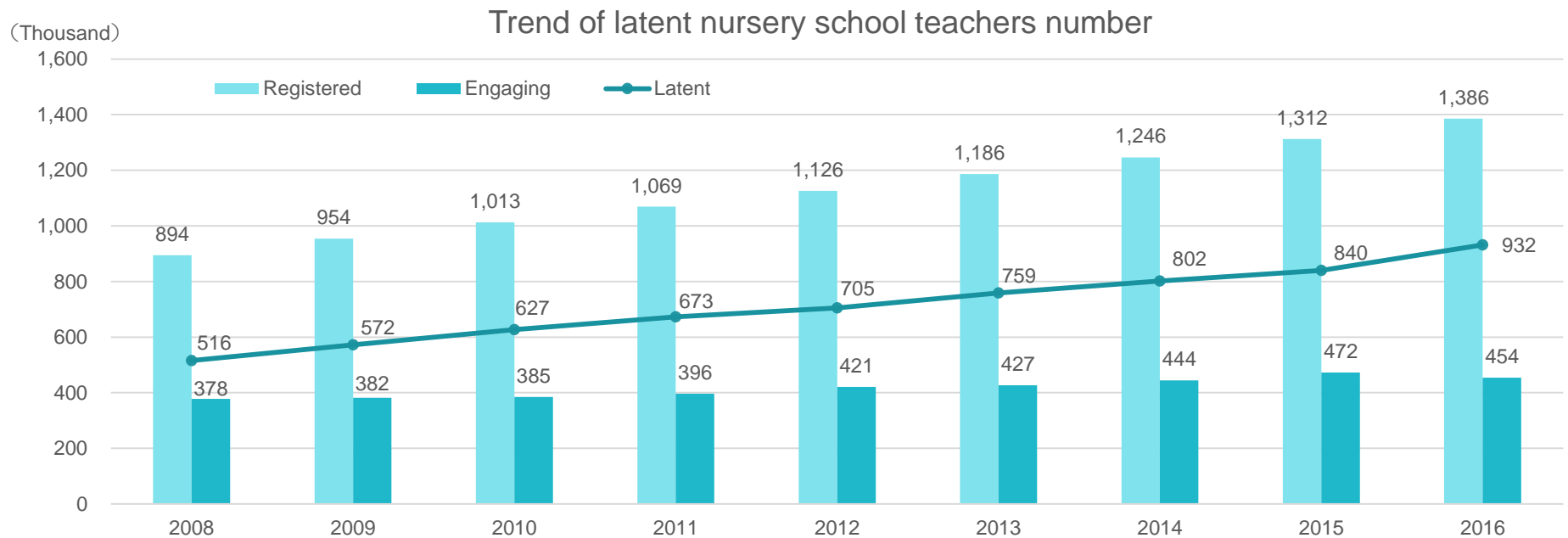
### Third Pillar: Fulfill assistance on users

- 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)

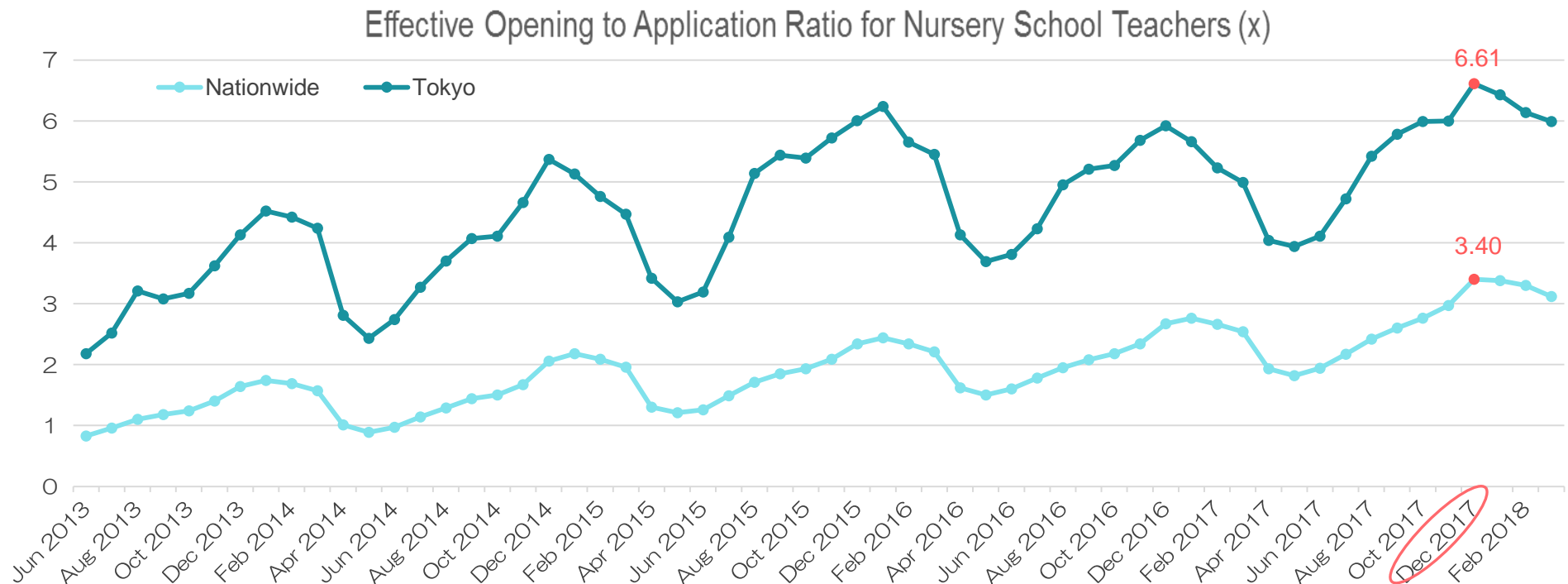
- ▶ Need to secure additional c. 90,000 child care staff to care 500,000 children by the end of 2017
- ▶ “Latent nursery school teachers”, who have qualified but do not currently engage in child care are approx. 932,000 (2016)
- ▶ Of 42,000 graduates from nursery school teacher training facilities only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

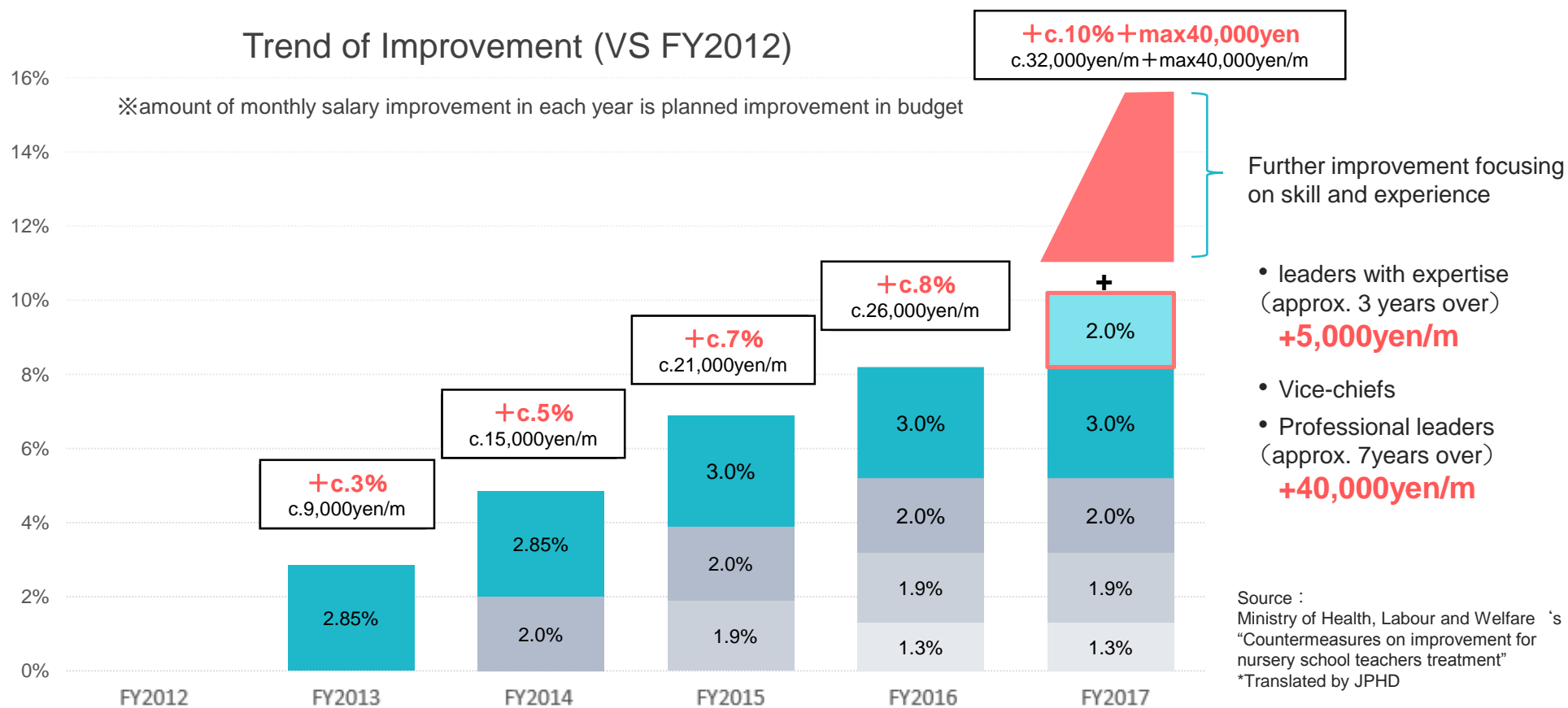


Source: Ministry of Health, Labour and Welfare Employment Security Bureau's *General job placements (Report on Employment Service)*



# 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)

¥28.3bn (Budget plan FY2018)

## ▶ 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)

¥1260mn (Budget plan FY2018)

Source:

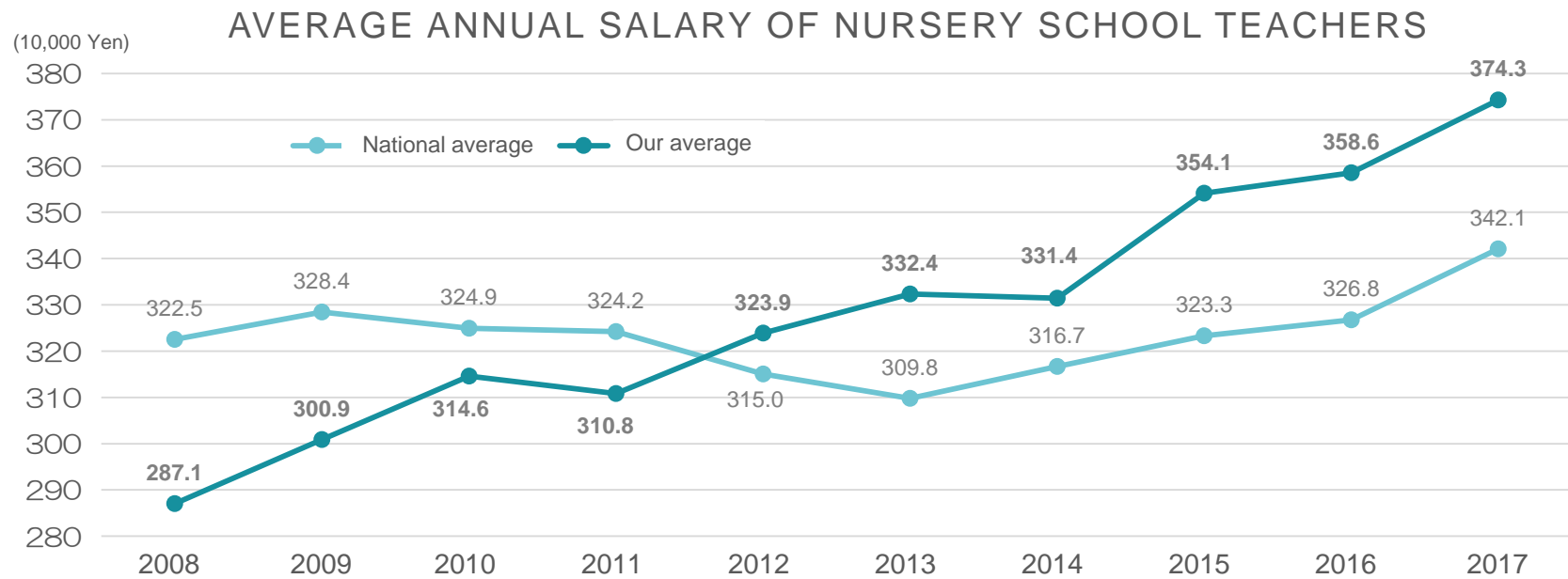
Bureau of Finance, Tokyo Metropolitan Government “Summary of FY2017 Budget Plan of Tokyo” “Summary of FY2018 Budget Plan of Tokyo”

Chiba Prefectural Government “FY2017 Supplementary Budget Plan as of June 2017 Documents on Main Policies”  
“Summary of FY2018 Budget Plan of Chiba”

\*Summarized and translated by JPHD

# Our Plan to Secure Nursery School Teachers (1)

- ▶ Utilize national and municipal subsidy and continue to improve wages.
- ▶ From Nov 2017, additional measures were introduced ※Provided retroactively from Apr. 2017
  - (1) Implemented salary increase by regions(Max 480 thousand ¥/y)
  - (2) Newly invented salary by roles(Max 480 thousand ¥/y)
  - (3) Salary increase for directors and chiefs of nurseries(300 thousand ¥/y)
- ▶ In FY03/2018, the company paid an annual salary of 3.74 M¥ (average age:32.2) versus the national average of 3.42 M¥ (average age:35.8)



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

└ Contractual cash earnings as of each June J × 12 + └ Annual special cash earnings of each previous year J

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

# Our Plan to Secure Nursery School Teachers(2)

---

## 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

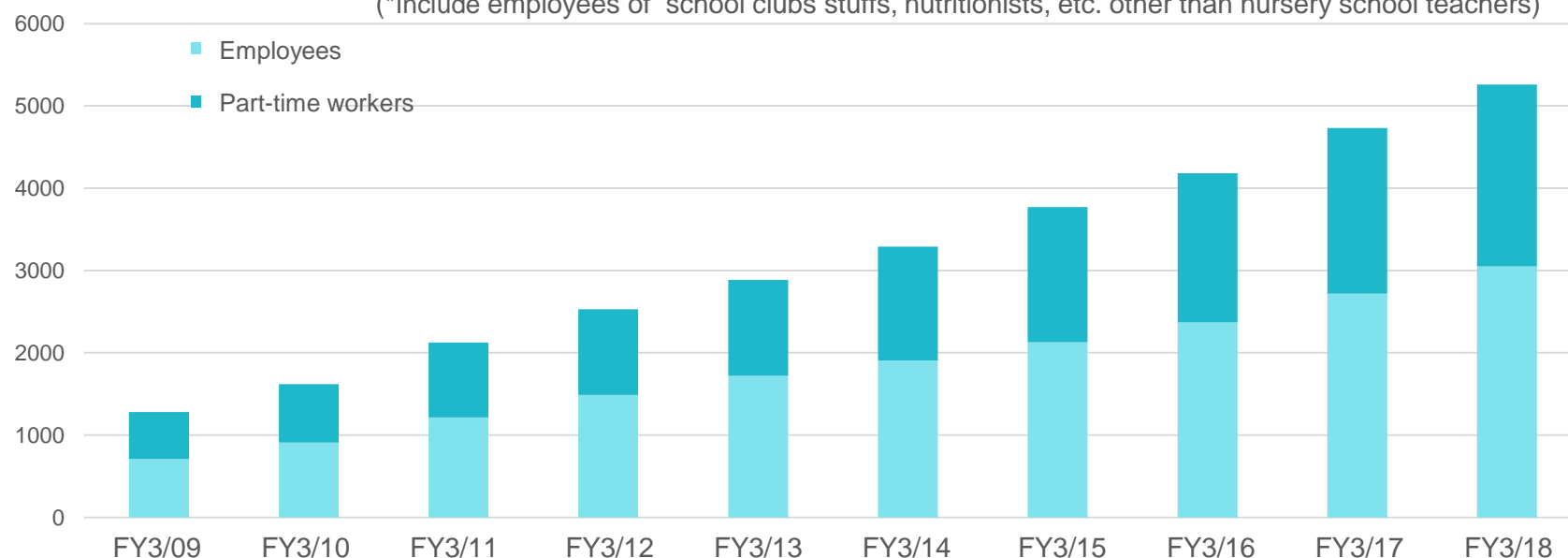
		FY3/16	FY3/17	FY3/18	Apr.1st 2018
Nursery School Teacher	New Graduates	178	197	247	276
	Mid career employment	219	241	327	224
Non qualified	New Graduates	—	23	32	46

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

\* Includes seconded employees to associated companies.

## Trend of Employee Numbers in Child Rearing Business

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



# FY3/18 Results

# FY3/18 Financial Highlights (1)

- ▶ Revenue increased significantly mainly due to the opening of new facilities and growth of capacity utilization at existing facilities.

Net sales 26,779 million yen (YoY+17.5% Act. vs Plan+2.5%)

- ▶ Operating income increased, because in spite of increase of personnel cost and unplanned cost such as 120M¥ undeductible consumption tax after the revision to the items subject to consumption tax, 148M¥ as the expense for two extraordinary shareholders meetings etc., sales growth offset these cost. Ordinary Income and net income attributable to owners of parent also increased due to non-operating income increase by subsidies for dormitory users etc. and significant decrease of facilities' impairment loss thanks to the each facility's profitability improvement plan etc.

Operating income 1,303 million yen (YoY +11.5% Act. vs Forecast +12.6%)

Ordinary income 1,582 million yen (YoY +17.1% Act. vs Forecast +13.0%)

Net income attributable to owners of parent 910 million yen (YoY +37.6% Act. vs Forecast+17.2%)

- ▶ Increased dividend 0.50 yen/share vs forecast because actual performance exceeded recent forecast

DPS 3.50yen (Previous result: 2.50yen, Recent dividend forecast: 3.00yen)

- ▶ 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, opened 15 nurseries and 4 school clubs as of Apr.1,2018.  
Additional 2 in-house nurseries are planned to open in FY03/2019.

# FY3/18 Financial Highlights (2)

	FY3/17	FY3/18			
		Forecast	Actual	Year on Year Comparison	Act. vs Forecast
Net sales (million yen)	22,799	26,125	<b>26,779</b>	17.5%	2.5%
Operating income (million yen)	1,168	1,157	<b>1,303</b>	11.5%	12.6%
Ordinary income (million yen)	1,350	1,400	<b>1,582</b>	17.1%	13.0%
Net income attributable to owners of parent (million yen)	661	777	<b>910</b>	37.6%	17.2%
Net income per share (yen)	7.87	9.25	<b>10.70</b>	2.83	1.45
Net assets per share (yen)	80.89	—	<b>90.63</b>	9.74	—
Shareholders' equity ratio (%)	28.5	—	<b>30.1</b>	—	—



# FY3/18 New Openings

## FY3/18 New Openings

Nursery Schools	: 11
School Clubs	: 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. 5<sup>th</sup> 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)



# FY3/18 Profit and Loss Statement

	FY3/17		FY3/18		Year on Year Comparison	
	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Component Ratio (%)	Amount (Million Yen)	Rate of Change (%)
Net sales	22,799	100.0	26,779	100.0	3,979	17.5
Cost of sales	19,123	83.9	22,685	84.7	3,561	18.6
Gross profit	3,675	16.1	4,094	15.3	418	11.4
SG & A expenses	2,506	11.0	2,790	10.4	284	11.4
Operating income	1,168	5.1	1,303	4.9	134	11.5
Non-operating revenues	251	1.1	369	1.4	118	46.9
Non-operating expenses	69	0.3	91	0.3	21	30.2
Ordinary income	1,350	5.9	1,582	5.9	231	17.1
Net income attributable to owners of parent	661	2.9	910	3.4	249	37.6

# FY3/18 Balance Sheet

	FY3/17 (Million Yen)	FY3/18 (Million Yen)	Amount of Change (Million Yen)
Total current assets	7,060	8,307	1,246
Cash and deposits	4,017	4,455	438
Accounts receivable - other	1,698	2,169	470
Total fixed assets	16,941	17,453	512
Total tangible fixed assets	9,775	10,101	326
Total intangible fixed assets	523	473	- 49
Total Investments and other assets	6,642	6,877	235
Total assets	24,002	25,761	1,758
Total Current liabilities	6,538	8,208	1,670
Current portion of long-term loans payable	3,250	2,485	- 765
Accounts payable - other	841	1,584	742
Total fixed liabilities	10,608	9,795	- 813
Long-term loans payable	9,855	8,934	- 921
Total liabilities	17,147	18,004	857
Total net assets	6,854	7,756	901
Total liabilities and net assets	24,002	25,761	1,758

# FY3/18 Statement of Cash Flows

	FY3/17 (Million Yen)	FY3/18 (Million Yen)	Year on Year Comparison (Million Yen)
Net cash provided by (used in) operating activities	1,878	1,865	- 12
Income before income taxes and minority interests	1,027	1,557	530
Depreciation and amortization	638	668	29
Impairment loss	323	23	- 299
Decrease (increase) in accounts receivable - other	207	- 533	- 741
Decrease (increase) in accounts payable - other and accrued expenses	204	447	242
Income taxes (paid) refund	- 783	- 397	385
Net cash provided by (used in) investing activities	- 3,305	- 1,292	2,012
Purchase of property, plant and equipment	- 2,460	- 1,853	607
Net cash provided by (used in) financing activities	1,646	- 135	- 1,781
Proceeds from short-term loans payable	1,500	2,100	600
Proceeds from long-term loans payable	5,062	1,850	- 3,212
Repayments of long-term loans payable	- 3,348	- 3,536	- 187
Net Increase (decrease) in cash and cash equivalents	218	438	219
Cash and cash equivalents at end of period	4,017	4,455	438

# FY3/19 New Openings

New Openings as of Apr. 1, 2018

Nursery Schools : 15

School Clubs : 4

Total : 19

Plan to open in FY03/2019

Nursery Schools : 2

## Okinawa:

2 in-house nurseries

(\*Plan to open after August)

## Shiga:

1 licensed nursery school

- Asc Wani Nursery School

## Kanagawa:

3 licensed nursery schools

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

## Tokyo:

7 licensed nursery schools

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

2 small-scale nursery schools

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

## Tokyo:

4 school clubs

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

## Osaka:

1 licensed nursery school

- Asc Soneminami Nursery School

## Chiba:

1 licensed nursery school

- Asc Otakanomori Nursery School

# 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

# 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) : 17
- Prospective new contracts : 5

# 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 <sup>st</sup> certification	2 <sup>nd</sup> and 3 <sup>rd</sup> certification	1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> 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

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

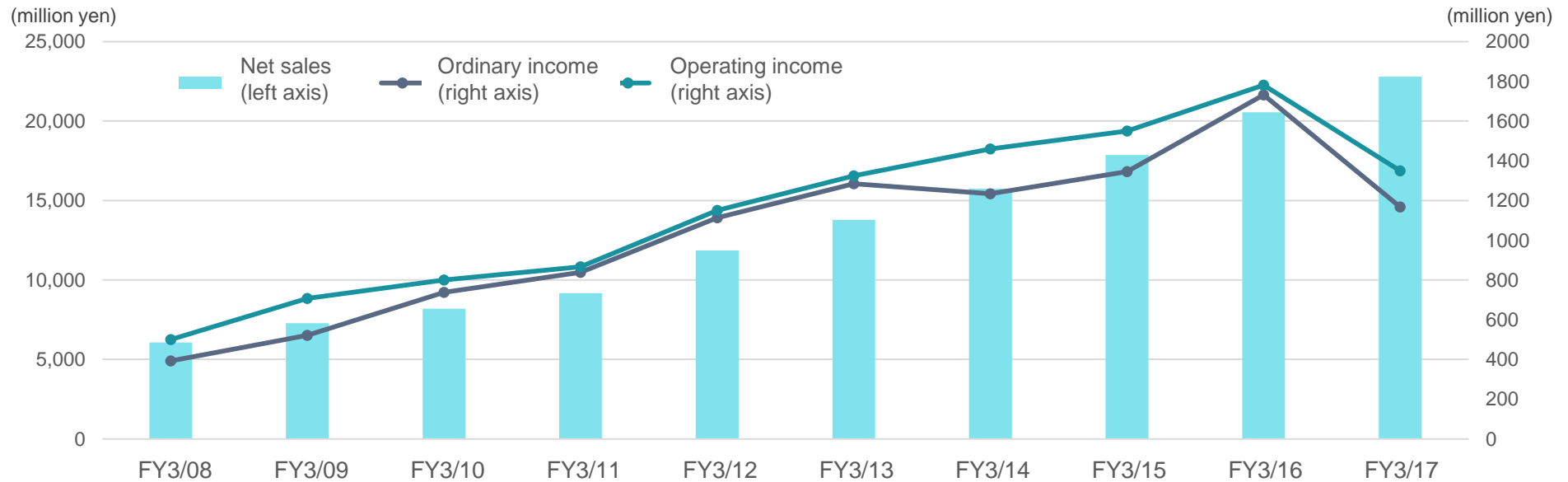
# Overview of School Clubs and Children's Houses

	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)

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

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





# Consolidated Results (Balance Sheet / Statement of Cash Flows)

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

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

# Dividends

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

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

The amount of dividend per share reflects the stock split.

# NADESHIKO Brand

---

We were selected as “NADESHIKO Brand” in FY2015, FY2016 and FY2017 consecutively. 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.

### Inquiries:

Mika Matsumiya  
General Manager of Administration Div.  
JP-HOLDINGS, INC.

17F Chikusa New Tower Bldg., 3-15-31  
Aoi, Higashi-ku, Nagoya-shi Aichi  
TEL: 052-933-5419  
FAX: 052-933-5163  
E-mail: [mika\\_matsumiya@jp-holdings.co.jp](mailto:mika_matsumiya@jp-holdings.co.jp)