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To whom it may concern,

Notice of the Rolling of the Medium-term Management Plan

JP-HOLDINGS, INC. announced our Medium-term Management Plan in “Notice of the Rolling of the Medium-term Management Plan” on May 12, 2022 to respond quickly and flexibly to changes in the business environment. We have now formulated our Three-year Medium-term Management Plan starting in the fiscal year ending March 31, 2024 based on changes in the business climate and recent performance trends. Details are described as follows.

1. Background of the Rolling of the Medium-term Management Plan

Our Group formulated the Medium-term Management Plan (fiscal year ended March 31, 2022 to fiscal year ending March 31, 2024, which is the final fiscal year) and has taken various measures with the aim of efficiently allocating and investing management resources to build a strong management base based on our priority targets: “Improve profitability and efficiency,” “Improve soundness” and “Improve growth potential,” while capturing changes in the social environment and continuing the management policy from the previous term.

Specifically, with regard to “Improve profitability and efficiency,” we aim to improve profits by expanding early childhood learning and developing and introducing new contents and opening bilingual nursery schools with native English teachers to accept more children in our existing childcare support business, and further optimizing staffing. Also, we are promoting dominant strategies which link nursery schools, school clubs and children’s houses to establish an integrated childcare support structure which meets the need demanded by parents taking care of infants and early childhood and school age children.

The key to childcare support is people. Therefore, when considering “Improve soundness,” we looked to expand our personnel education and training structure, and we instilled and put into practice, both inside and outside our company, our Group’s “Management Philosophy,” “Corporate Message,” “Operational Philosophy,” “Childcare and Child-rearing Philosophy,” and “Childcare and Education Policy” in order to improve quality of our childcare support and build nursery schools and facilities that would be selected by customers. In addition, we have been working to improve operational efficiency by eliminating wasteful operations with a review of various operations and promoting systemization. That is leading to an improvement in profitability.

As for “Improve growth potential,” we have been proactively promoting the development of new businesses based on the expertise and marketing we have cultivated in the operation of our childcare support business as a second business pillar. We started operating our “codomel,” a child-rearing assistance platform with the aim of providing various services and products for the growth of children and making external sales to other companies

in the same industry.

As a result of efforts to succeed in various measures, build an efficient management structure and reduce costs in relation to the numerical targets in our Medium-term Management Plan (fiscal year ended March 31, 2022 to fiscal year ending March 31, 2024), we have achieved a recorded-high profit with increased sales and profit in the fiscal year ended March 31, 2023. In the environment that surrounds our childcare support business, the government has established the “Children and Families Agency” and been enhancing the childcare environment as a measure to tackle the declining birthrate. Meanwhile, the competition to acquire children is intensifying in regions where the declining birthrate is accelerating. Accordingly, there is a need for structural reforms for sustainable growth and further earnings expansion and the development and early monetization of new businesses.

In this way, we have formulated the consolidated numerical targets with a rolling method to align with the announcement of our consolidated earnings forecast for the fiscal year ending March 31, 2024 in light of progress toward the target values in the Medium-term Management Plan (fiscal year ended March 31, 2022 to fiscal year ending March 31, 2024) and changes in the external environment. At the same time, we are working on the priority targets we have stated in the Medium-term Management Plan: “Achieve growth and establish a competitive advantage,” “Reform our profit structure,” and “Reform our management base.”

We will formulate a Three-year Medium-term Management Plan with a rolling method, which we revise every term in principle, to flexibly respond to future changes in the management environment.

2. Priority Targets, Measures, and Forecasts of the Medium-Term Management Plan (Consolidated)

1) Priority Targets of the Medium-Term Management Plan

**We will aim to create new services and value to realize the management philosophy of our group:
“Through child care support, we will contribute in creating smiles for everyone.”**

We will create new services and value, establish a competitive advantage and solve social problems through our business by proactively developing new businesses for growth, developing infrastructure utilizing M&As and systemization, and building solid business foundations with structural reforms and business reforms. Through these efforts, we will aim for sustainable growth while realizing the management philosophy of our group: “Through child care support, we will contribute in creating smiles for everyone.”

(1) Achieve growth and establish a competitive advantage

We will develop new businesses for medium- to long-term growth, proactively promote M&As to expand our existing businesses and create new businesses, enhance our learning programs to ensure a competitive advantage, and promote various differentiation strategies to solve concerns of parents.

i) Development of new businesses and early monetization

- We will enhance the service functions and products of a child-rearing assistance platform “codomel.” We will then expand our CtoC, BtoC and BtoB businesses globally in addition to Japan.
- We will create new businesses through cooperation with childcare-related and other industries to expand into new business areas.

ii) New business development to solve the concerns of parents

- We will promote the development of our food business. That will include preparation of dinners which can be easily cooked at home and a “Children’s Cafeteria” which allows parents and children to eat together at each

facility.

- We will engage in lesson business utilizing extracurricular time (English, gymnastics, music classes, etc.)

iii) Promotion of new learning programs which respond to an expansion in the existing businesses and building of nursery schools and facilities that would be selected by customers through regional cooperation

- We will deploy initiatives to enhance new learning programs (introduction of STEAMS childcare and after-school programs) and expand the future possibilities of children by developing bilingual nursery schools with native English teachers. In addition, we will develop a high-quality fee-based learning program business which responds to deregulation.

- We will promote the “My Nursery School System” (support for those who are about to give birth and raise children) by strengthening cooperation with local communities to develop the childcaring environment.

iv) Proactive promotion of M&As

- While the industry environment is undergoing changes, we will proactively promote M&As for companies in the same industry which consider the future restructuring of the industry, surrounding companies relating to childcaring for business expansion and companies for which we can obtain synergistic effects.

(2) Reform our profit structure

We will improve profitability by reviewing the business structure, eliminating wasteful operations, improving management efficiency through ICT, and further optimizing staffing. We will also further streamline operations by reforming business processes and introducing systems.

i) Optimization of management and cost reductions

- We will reduce indirect costs through systemization, optimization of staffing, strengthening of income and expenditure management, thorough cost controls, operation by utilizing data, and streamlining of operations by eliminating wasteful operations.

ii) Strengthening of the revenue base

- We will put into practice various measures to respond to deregulation and changes in the subsidy system.

- As a dominant strategy, we will promote the opening of new nursery schools and the new contracting of school clubs and children’s houses to establish an integrated childcaring support structure for parents taking care of infants and early childhood and school age children. We will then optimize staffing, streamline operations and strengthen assistance for childcaring support.

(3) Reform our management base

The key to our business is people. Therefore, we will enhance our personnel education and training structure. At the same time, we will retain and develop outstanding human resources and improve employee engagement to lead to a change in awareness. Moreover, we will strengthen our human resources strategy and group governance to support sustainable growth and superiority.

i) Human resource development and corporate culture reform

- We will enhance training to build the foundation of human resources and reform our corporate culture by changing awareness. We will then aim to improve employee motivation and lower the turnover rate.

ii) Sophistication of business management

- We will strengthen our comprehensive management base by implementing company-wide management even more efficiently and effectively. We will achieve that by strengthening our governance, establishing a self-contained business and operational management structure, implementing thorough risk management and

improving awareness of compliance.

iii) Strengthen initiatives for attaining SDGs and environmental improvement

•We will engage in social contribution activities originating from childcare support and environmentally-friendly business operations.

2) Three-year Consolidated Numerical Plan

As a result of the above, we expect net sales in the fiscal year ending March 31, 2026, the final fiscal year of the Medium-term Management Plan, to be 38,340 million yen and operating income to be 4,330 million yen.

With our existing childcare support business at the core, we aim to expand the scale of our business by developing related peripheral businesses and new businesses close to children with a high degree of specialization and by promoting the creation of new businesses and proactive M&As. Furthermore, we are looking to increase our profits by promoting structural reforms such as streamlining of operations, systemization and optimization of personnel.

Consolidated Numerical Plan

	FY3/23		FY3/24		FY3/25		FY3/26	
	Result	Change from the previous term	Forecast	Change from the previous term	Target	Change from the previous term	Target	Change from the previous term
Net sales	35,507 million yen	3.3%	36,390 million yen	2.5%	37,220 million yen	2.3%	38,340 million yen	3.0%
Operating income	3,667 million yen	9.6%	3,820 million yen	4.2%	4,100 million yen	7.3%	4,330 million yen	5.6%

Notes

•This Medium-term Management Plan is based on the current business environment. Please note that actual business results may differ significantly from the forecast, and that it is subject to change without notice depending on changes in the business environment in the future.

•We previously used net sales and ordinary income for our consolidated numerical plan (forecast and target). However, we have changed the representation method so that we post subsidies for rented company housing for nursery teachers we received from local governments, which were recorded as “Subsidy income” in the section of non-operating income, in “Net income” from the previous term. Accordingly, we now use net sales and operating income for our consolidated numerical plans.