

Summary of Business Results for the Nine Months Ended December 31, 2024

[Japan GAAP] (Consolidated)

February 12, 2025

Company **JP-HOLDINGS, INC.**
 Stock Code 2749 URL: <https://www.jp-holdings.co.jp>
 Representative Tohru Sakai, President and Representative Director
 Contact Kenji Zushi, Operating Officer
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

Listed on the TSE Prime

T E L: +81-52-433-5681

(Rounded down to million yen)

1. Consolidated business results for the nine months ended December 2024

(April 1, 2024 through December 31, 2024)

(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	%
Nine months ended Dec. 2024	29,048	6.5	4,355	25.5	4,379	28.1	3,043	36.6
Nine months ended Dec. 2023	27,279	4.7	3,470	38.9	3,418	35.5	2,227	25.3

(Note) Comprehensive income

Nine months ended December 2024: 3,089 million yen (37.8%)

Nine months ended December 2023: 2,242 million yen (28.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 2024	35.65	-
Nine months ended Dec. 2023	26.16	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2024	34,833	18,536	53.2
As of Mar. 31, 2024	36,889	16,108	43.7

(Reference) Shareholders' equity

As of December 31, 2024: 18,536 million yen

As of March 31, 2024: 16,108 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 2024	-	0.00	-	8.00	8.00
Year ending Mar. 2025	-	0.00	-		
Year ending Mar. 2025 (forecast)				9.50	9.50

(Notes) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending March 2025

(April 1, 2024 through March 31, 2025)

(% 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. 2025	38,528	1.8	4,751	3.6	4,778	5.6	3,106	6.0	36.39

(Notes) Revisions to business forecast for the current quarter: None

***Notes**

(1) Changes in significant subsidiaries during the period: None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:
None

(3) 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 |

(4) Shares outstanding (common stock)

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

As of December 31, 2024	87,849,400 shares
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As of March 31, 2024	87,849,400 shares
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② Treasury stock at the end of period

As of December 31, 2024	2,451,259 shares
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As of March 31, 2024	2,492,069 shares
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③ Average number of stock during period (quarterly cumulative period)

Nine months ended December 2024	85,381,817 shares
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Nine months ended December 2023	85,172,925 shares
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*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None**

***Appropriate use of financial forecasts and other important matters**

- 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 assumptions that form the basis for the business results forecasts and notes about using business forecasts, etc., please refer to “1. Summary of Operating Results (3) Consolidated Earnings Forecasts” (Page 5).

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1. Summary of Operating Results

(1) Summary of operating results for the current quarter

During the nine months of the current fiscal year, (April 1 to December 31, 2024), the Japanese economy was on a moderate recovery trend, supported by an improved employment and income environment and the effects of various government policies. Nevertheless, the outlook remains uncertain due to factors such as rising prices for raw materials and energy and rising labor costs, exchange rate fluctuations, future policy trends in the United States, and prolonged situations in Russia and Ukraine.

In the environment surrounding the childcare support business, of which our group is a part, the government has presented the "Children's Future Strategy," which outlines the specifics of measures to address the accelerating decline in the birthrate, with different dimensions.

Specifically, in order to develop a structure that enables parents use childcare facilities with a peace of mind, this fiscal year, the government changed the standard for the number of 4-5 year old children per nursery staffs as an improvement to the standard for the first time in 75 years. In addition, various measures to deal with the declining birth rate have been gradually implemented, such as securing childcare workers through further improvement of treatment and the introduction of tests of the "Universal Childcare System" to enable all families to use childcare facilities regardless of parents' employment status.

In addition, the number of children on waiting lists at school clubs is increasing, the development of a childcare environment is becoming an issue, and the Tokyo Metropolitan Government is taking steps to create new "Tokyo-certified school clubs" to promote the development of an environment conducive to childcare. As such, the social role of childcare support services is expected to become increasingly important.

As described above, while the government and local governments are promoting various measures to improve childcare environments and eliminate waiting lists for children in school clubs as part of measures to cope with the declining birthrate, competition to acquire more children is intensifying in regions where the birthrate is declining at an accelerated pace. In this difficult environment, we believe it is necessary to implement various measures to create childcare facilities that continue to be selected by customers, to improve efficiency through structural reforms, and to develop new businesses and generate earnings as quickly as possible.

In view of the progress of various measures and changes in the external environment, we have continued to strengthen our efforts since the previous fiscal year under the targets of "Achieve growth and establish a competitive advantage," "Reform our profit structure," and "Reform our management base" to further improve and reform our competitive superiority and management foundation.

To respond to changes in the social environment and achieve "achieve growth and establish a competitive advantage," we are advancing initiatives such as developing new businesses for medium- to long-term growth, actively pursuing M&A to expand existing businesses and new business domains, and enhancing learning programs to strengthen our competitive edge (such as STEAMS childcare and after-school programs). Additionally, we are expanding extracurricular learning programs (such as English, physical exercise, music, and dance lessons) and differentiating our services by increasing the number of "bilingual nursery schools" with native English-speaking teachers and "Montessori-method education nursery schools." Furthermore, to enrich childcare environments and foster child development, we are introducing unique experience-based programs, such as occupational experience events that inspire children's future dreams and aspirations, and hands-on learning opportunities that allow children to engage with local cultures and traditions. In addition, we are strengthening partnerships with local governments by signing agreements to expand childcare support initiatives. In addition, through a dominant strategy in collaboration with nursery schools and school clubs and children's houses to establish an integrated childcare support system for infants, early childhood, and child-rearing, we are actively promoting new contracts to double the current number of school clubs and children's houses to 200 facilities, and are strengthening our efforts to "creating facilities that would continue to be selected by customers" in each region.

In addition, as new businesses, we are aggressively pursuing the expansion of our domestic and overseas specialist personnel placement and temporary staffing business, the expansion of our real estate business in conjunction with various other businesses, and the launch of an overseas childcare support business with a view to global expansion, in order to expand our operations and generate earnings.

Regarding "reform our profit structure," we are reassessing our business structure. We are addressing redundant tasks, streamlining operations through ICT integration, optimizing staffing, and achieving operational efficiency through the rectification of inefficient operations and processes using data utilization. We are also committed to reducing indirect costs and further improving our operations through business process reforms and system implementations.

As for the "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 develop human resources and improve employee engagement to lead to a change in awareness. Our group is working to revitalize our organization by enhancing our human resources strategy (expanding training and renewing our corporate culture), strengthening Group governance and establishing a management system.

Furthermore, with regard to the business alliance with Duskin Co., Ltd., we have established a committee to study the collaboration between the two companies, and through the effective use of their management resources and know-how and mutual cooperation, we will create new services to solve social issues related to childcare support and the problems of customers and guardians, and create measures to realize a more affluent lifestyle.

As part of our Group's further growth strategy, we will actively pursue M&A to create new businesses, achieve early profitability, and expand existing businesses. In this way, we are striving for sustainable growth while realizing our Group management

philosophy of "Through child care support, we will contribute to creating smiles for everyone."

During the nine months of the current fiscal year, we established 2 nursery schools (1 of which was converted from a Tokyo-certified nursery school to a certified nursery school), 4 childcare centers that were converted from certified nursery schools, 17 school clubs and children's houses, and 2 community centers. We have established a total of 20 facilities, excluding those that were converted to certified nursery schools and childcare centers. The facility openings are progressing as planned. As part of our initiative to establish distinctive childcare centers, we have transitioned 6 facilities from licensed nursery schools and Tokyo Metropolitan Government-certified nursery schools to bilingual nursery schools and also transitioned 5 facilities from licensed nursery schools to Montessori-method education nursery schools as nursery schools with special characteristics.

We have also been newly commissioned to provide "Club Business Coordination Services" related to childcare for Shibuya-ku After-school Club, and will provide various services by utilizing our Group's educational know-how in English, gymnastics, music, and dance.

(Nursery School)(*1)

Appy Azabu	(Apr. 1, 2024)
Asc Nishi-kokubunji Nursery School	(Apr. 1, 2024)

(Childcare Center)(*2)

Asc Kodurushinden Childcare Center	(Apr. 1, 2024)
Asc Nagamachiminami Childcare Center	(Apr. 1, 2024)
Asc Gotenhama Childcare Center	(Apr. 1, 2024)
Asc Wani Childcare Center	(Apr. 1, 2024)

(School Club/Children's House)

Ukima Elementary School Club No.1	(Apr. 1, 2024)
Ukima Elementary School Club No.2	(Apr. 1, 2024)
Ukima Elementary School Club No.3	(Apr. 1, 2024)
Ukima Elementary School Club No.4	(Apr. 1, 2024)
Koto Kids' Club Edagawa	(Apr. 1, 2024)
Negishi After School Kids' Club	(Apr. 1, 2024)
Negishi Kids' Club	(Apr. 1, 2024)
Matsuba Elementary School After School Kids' Club	(Apr. 1, 2024)
Nezu Chidcare Room	(Apr. 1, 2024)
Mejirodai Chidcare Room No.2	(Apr. 1, 2024)
Ichi-sho School Club A	(Apr. 1, 2024)
Ichi-sho School Club B	(Apr. 1, 2024)
Kitano-sho School Club A	(Apr. 1, 2024)
Kitano-sho School Club B	(Apr. 1, 2024)
Kitano-sho School Club Annex	(Apr. 1, 2024)
Nezu Children's House	(Apr. 1, 2024)
Mejirodai Children's House No.2	(Apr. 1, 2024)

(Community Center)

Nezu Community Center	(Apr. 1, 2024)
Mejirodai Community Center	(Apr. 1, 2024)

(Bilingual Nursery School)

The Company changed licensed nursery schools and Tokyo licensed nursery schools to bilingual nursery schools, which is staffed by native English-speaking teachers.

Asc Bilingual Nursery School Ningyocho Eki-mae (formerly Asc Ningyocho Eki-mae Nursery School)	(Apr. 1, 2024)
Asc Bilingual Nursery School Yakumo (formerly Asc Yakumo Nursery School)	(Apr. 1, 2024)
Asc Bilingual Nursery School Takatsu (formerly Asc Takatsu Nursery School)	(Apr. 1, 2024)
Asc Bilingual Nursery School Kamikodanaka (formerly Asc Kamikodanaka Nursery School)	(Apr. 1, 2024)
Asc Bilingual Nursery School Mukaigawara (formerly Asc Mukaigawara Nursery School)	(Apr. 1, 2024)
Asc Bilingual Nursery School Nibancho (formerly Asc Nibancho Nursery School)	(Oct. 1, 2024)

(Montessori-method education nursery school)

The Company changed licensed nursery schools to Montessori-method education nursery school.

Asc Toyotama 1-chome Montessori-method Nursery School	(Apr. 1, 2024)
Asc Shiba Koen Montessori-method Nursery School	(Oct. 1, 2024)
Asc Shinjuku Minamicho Montessori-method Nursery School	(Oct. 1, 2024)
Asc Kagurazaka Montessori-method Nursery School	(Oct. 1, 2024)
Asc Shibaura 4-chome Montessori-method Nursery School	(Oct. 1, 2024)

(Other Contracted Business)

Shibuya-ku After School Club "Club Business Coordination" Services	(April 1, 2024)
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*1: On April 1, 2024, Asc Nishi-kokubunji Nursery School was converted from a Tokyo-certified nursery school to a licensed nursery school.

*2: On April 1, 2024, the following certified nursery schools were converted to certified childcare centers: Asc Kodurushinden Childcare Center, Asc Nagamachiminami Childcare Center, Asc Gotenham Childcare Center, Asc Wani Childcare Center.

*3: As of March 31, 2024, Asc Bilingual Nursery School Eifuku, a Tokyo-certified nursery school, was closed. In addition, following school clubs were withdrawn as of March 31, 2024 due to the expiration of the contract: Predy Toyomi, Taisho Elementary School After School Kids' Club, Wakuwaku Yanagida Hiroba, Yanagida Midori Club No.1, and Yanagida Midori Club No.2.

As a result, the Group came to have 205 nursery schools, 4 childcare centers, 96 school clubs, 13 children's houses, and 2 community centers, making a total of 320 childcare facilities as of December 31, 2024.

As a result, for the nine months period of the current fiscal year, the Group's net sales were 29,048 million yen (up 6.5% year on year), operating income was 4,355 million yen (up 25.5% year on year), ordinary income was 4,379 million yen (up 28.1% year on year), and net income attributable to owners of parent was 3,043 million yen (up 36.6% year on year).

Net sales increased by 6.5% year on year. Despite a decrease in subsidies to combat rising prices and other issues, this growth was due to an increase in the number of enrolled children compared to the previous period, as a result of efforts to "creating facilities that would continue to be selected by customers" such as the expansion of the early childhood learning program, the opening of new facilities and contracts, and the change in the number of children per nursery staff (revision of standards for assigning nursery staffs for 4-5 year old children in care) implemented as drastic countermeasures against declining birth rates.

In terms of operating income and ordinary income, despite a decrease in subsidies due to combat rising prices and other factors, improved employee treatment and higher bonuses, an increase in personnel costs for securing future human resources and responding to social changes, and expenditures related to corporate hometown tax donations aimed at improving childcare support environments, the impact on our business was significant. This was due to an increase in the number of children through various measures aimed at "creating facilities that would continue to be selected by customers," efforts to maximize subsidies, and the revision of nursery staff allocation standards for 4-5 year old children as a higher-level countermeasure against the declining birth rate. Since we had already increased the number of nursery staff in anticipation of improving the quality of childcare services, operating income increased by 25.5% year on year, and ordinary income grew by 28.1%, achieving substantial profit growth.

Net income attributable to owners of parent increased significantly by 36.6% year on year. This was mainly due to the opening and entrusted new facilities, an increase in the number of enrolled children and change in the number of children per nursery staff, an increase in profits through various measures to maximize subsidies, and the recording of compensation in extraordinary income related to the transfer of the head office in line with the redevelopment of the area where the head office is located, as described above.

(2) Summary of financial condition in the current quarter

As for the financial position at the end of the third quarter of the current fiscal year, the total assets amounted to 34,833 million yen (down 2,056 million yen from the end of the previous fiscal year).

Current assets totaled 24,031 million yen (down 1,342 million yen), mainly reflecting decreases of 972 million yen in cash and deposits and 295 million yen in accounts receivable.

Non-current assets totaled 10,801 million yen (down 713 million yen). This was mainly due to decreases of 321 million yen in buildings and structures, 209 million yen in deferred tax assets and 161 million yen in long-term loans receivable.

Total liabilities amounted to 16,296 million yen (down 4,484 million yen).

Current liabilities totaled 8,454 million yen (down 1,955 million yen). This was mainly due to increases of 107 million yen in others, while there were decreases of 927 million yen in accounts payable, 542 million yen in income taxes payable and 431 million yen in reserve for bonuses.

Non-current liabilities totaled 7,842 million yen (down 2,529 million yen). This was mainly due to a decrease of 2,595 million yen in long-term loans payable.

Total net assets at the end of the third quarter of the current fiscal year totaled 18,536 million yen (up 2,428 million yen). This was mainly due to an increase of 2,360 million yen in retained earnings.

(3) Consolidated Earnings Forecasts

As for the consolidated business forecasts for the full year, the figures announced on May 13, 2024 remain unchanged because it is difficult to calculate them at this time due to the subsidies to be provided in the fourth quarter of the current fiscal year as personnel expenses in the drastic improvement of treatment for nursery staffs.

We will continue to closely examine subsidies in improving the treatment for nursery staffs and disclose them appropriately according to the situation.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous Fiscal Year (March 31, 2024)	Current Third Quarter (December 31, 2024)
Assets		
Current assets		
Cash and deposits	20,944,481	19,971,979
Notes and accounts receivable-trade	117,374	122,545
Inventories	46,955	38,513
Accounts receivable - other	3,453,371	3,158,294
Others	812,495	740,755
Allowance for doubtful accounts	-411	-234
Total current assets	25,374,267	24,031,854
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,148,433	12,151,309
Accumulated depreciation and impairment	-8,131,104	-8,455,386
Buildings and structures, net	4,017,329	3,695,922
Machinery, equipment and vehicles	4,442	4,442
Accumulated depreciation	-1,305	-2,100
Machinery, equipment and vehicles, net	3,137	2,341
Tools, furniture and fixtures	1,503,559	1,580,911
Accumulated depreciation and impairment	-987,460	-1,099,549
Tools, furniture and fixtures, net	516,099	481,361
Land	129,529	129,529
Total property, plant and equipment	4,666,095	4,309,155
Intangible assets		
Goodwill	75,964	53,175
Others	29,706	24,121
Total intangible assets	105,671	77,296
Investments and other assets		
Investment securities	473,597	567,173
Long-term loans receivable	2,579,732	2,418,472
Guarantee deposits	1,814,755	1,803,966
Deferred tax assets	1,489,173	1,279,775
Others	392,729	349,240
Allowance for doubtful accounts	-6,510	-3,724
Total investments and other assets	6,743,477	6,414,903
Total non-current assets	11,515,244	10,801,355
Total assets	36,889,511	34,833,209

(Thousand yen)

	Previous Fiscal Year (March 31, 2024)	Current Third Quarter (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	196,679	152,526
Current portion of long-term loans payable	3,657,330	3,536,946
Accounts payable – other	2,893,907	1,966,791
Income taxes payable	1,093,442	550,931
Accrued consumption taxes	65,639	74,431
Reserve for bonuses	891,300	460,205
Asset retirement obligation	6,560	-
Others	1,604,392	1,712,174
Total current liabilities	10,409,252	8,454,007
Non-current liabilities		
Long-term borrowings	8,761,017	6,165,224
Retirement benefit liability	1,010,833	1,072,094
Asset retirement obligation	597,439	603,086
Others	2,850	2,440
Total non-current liabilities	10,372,140	7,842,844
Total liabilities	20,781,392	16,296,852
Net assets		
Shareholders' equity		
Share capital	1,603,955	1,603,955
Capital surplus	1,482,693	1,492,237
Retained earnings	13,840,537	16,201,318
Treasury shares	-724,381	-712,519
Total shareholders' equity	16,202,804	18,584,991
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-94,396	-53,102
Deferred gains or losses on ledges	1,638	1,989
Remeasurements of defined benefit plans	-1,926	2,479
Total accumulated other comprehensive income	-94,684	-48,634
Total net assets	16,108,119	18,536,357
Total liabilities and net assets	36,889,511	34,833,209

(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

Quarterly Consolidated Statement of Income Current

Third Quarter

(Thousand yen)

	Previous Third Quarter (Apr. 1, 2023 - December 31, 2023)	Current Third Quarter (Apr. 1, 2024 - December 31, 2024)
Net sales	27,279,638	29,048,322
Cost of sales	21,903,885	22,761,395
Gross profit	5,375,752	6,286,927
Selling, general and administrative expenses	1,904,854	1,931,451
Operating income	3,470,898	4,355,476
Non-operating income		
Interest income	55,731	58,009
Others	18,414	13,613
Total non-operating income	74,146	71,623
Non-operating expenses		
Interest expenses	52,308	40,356
Arrangement fee	70,000	-
Others	3,880	7,581
Total non-operating expenses	126,189	47,938
Ordinary income	3,418,855	4,379,161
Extraordinary income		
Compensation for relocation of head office	-	201,630
Extraordinary income	-	201,630
Extraordinary loss		
Loss on sales of noncurrent assets	-	300
Loss on retirement of fixed assets	121	4,304
Total extraordinary loss	121	4,605
Income before income taxes and others	3,418,733	4,576,186
Income taxes-current	1,023,499	1,343,821
Income taxes-deferred	167,312	188,726
Total income tax	1,190,811	1,532,547
Net income	2,227,922	3,043,639
Net income attributable to owners of parent	2,227,922	3,043,639

[Quarterly Consolidated Statement of Comprehensive Income]

[Third Quarter]

(Thousand yen)

	Previous Third Quarter (Apr. 1, 2023 - December 31, 2023)	Current Third Quarter (Apr. 1, 2024 - December 31, 2024)
Net income	2,227,922	3,043,639
Other comprehensive income		
Valuation difference on available-for- sale securities	13,083	41,294
Deferred gains or losses on ledges	-573	350
Remeasurements of defined benefit plans, net of tax	2,258	4,405
Total other comprehensive income	14,768	46,050
Comprehensive income	2,242,690	3,089,689
Breakdown		
Comprehensive income attributable to owners of parent	2,242,690	3,089,689

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

None applicable.

(Notes if there is a significant change in the amount of shareholders' equity)

None applicable.

(Notes on segment information)

(Segment Information)

Previous Third Quarter (April 1, 2023 – December 31, 2023)

As our group operates within one single segment (Childcare Support Business), we have omitted the descriptions as such.

Current Third Quarter (April 1, 2024 - December 31, 2024)

The main business of our group is the Childcare Support Business. we have omitted the descriptions since other business segments are immaterial.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the third quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the third quarter are as follows.

	Previous Third Quarter (Apr. 1, 2023 - December 31, 2023)	Current Third Quarter (Apr. 1, 2024 - December 31, 2024)
Depreciation and amortization	517,822 thousand yen	515,981 thousand yen
Amortization of goodwill	22,789 thousand yen	22,789 thousand yen