

Summary of Business Results for the Fiscal Year Ended March 31, 2025 [Japan GAAP] (Consolidated)

May 13, 2025

Company **JP-HOLDINGS, INC.**
Stock Code 2749
Representative Tohru Sakai, President and Representative Director
Contact Kenji Zushi, Operating Officer
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Results briefing: Yes (for media members, institutional investors, analysts)

Listed on the TSE Prime
URL: <https://www.jp-holdings.co.jp>

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

Expected starting date of dividend payment: June 25, 2025

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 2025 (April 1, 2024 through March 31, 2025)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2025	41,147	8.7	5,809	26.7	5,858	29.5	3,920	33.9
Year ended Mar. 2024	37,856	6.6	4,584	25.0	4,523	20.8	2,929	8.5

(Note) Comprehensive income:

Year ended March 2025: 3,969 million yen (34.6%)

Year ended March 2024: 2,948 million yen (10.3%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2025	45.91	-	22.0	15.7	14.1
Year ended Mar. 2024	34.38	-	19.7	12.5	12.1

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	37,622	19,508	51.9	228.06
As of Mar. 31, 2024	36,889	16,108	43.7	188.71

(Reference) Shareholders' equity:

As of March 31, 2025: 19,508 million yen

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

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2025	4,205	-162	-4,243	20,743
Year ended Mar. 2024	5,598	-6	-3,978	20,944

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2024	-	0.00	-	8.00	8.00	682	23.3	4.6
Year ended Mar. 2025	-	0.00	-	12.00	12.00	1,026	26.1	5.8
Year ending Mar. 2026 (forecast)	-	0.00	-	12.00	12.00		27.4	

3. Forecast of consolidated business results for the fiscal year ending March 2026

(April 1, 2025 through March 31, 2026)

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Year ending Mar. 2026	41,904	1.8	5,653	-2.7	5,703	-2.6	3,745	-4.5
								43.78

*Notes

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

(2) Changes in accounting policies, accounting estimates and restatement

- ① Changes in accounting policies associated with revision of accounting standards: : None
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(3) Shares outstanding (common stock)

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

As of March 31, 2025 87,849,400 shares

As of March 31, 2024 87,849,400 shares

② Treasury stock at the end of period

As of March 31, 2025 2,308,482 shares

As of March 31, 2024 2,492,069 shares

③ Average number of stock during period

Year ended March 31, 2025 85,396,567 shares

Year ended March 31, 2024 85,189,303 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2025

(April 1, 2024 through March 31, 2025)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2025	3,969	3.7	2,269	-5.3	2,411	-1.4	2,089	2.1
Year ended Mar. 2024	3,828	20.9	2,396	46.7	2,446	39.1	2,045	24.5

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2025	24.46	-
Year ended Mar. 2024	24.01	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2025	19,961	9,867	49.4	115.35
As of Mar. 31, 2024	21,717	8,326	38.3	97.55

(Reference) Shareholders' equity:

As of March 31, 2025: 9,867 million yen

As of March 31, 2024: 8,326 million yen

* Financial summary is not subject to auditing procedures by certified public accountants or auditing firms.

* Explanation regarding appropriate use of business forecasts and other special instructions

- Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. For information regarding the business forecasts, etc., please refer to "1. Summary of Operating Results (4) Future outlook" (Page 5).
- On Friday, May 16, 2025, the Company plans to hold results briefing for media members, institutional investors and analysts via a webcast.

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1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

In the fiscal year under review (April 1, 2024 to March 31, 2025), the Japanese economy continued to recover gradually amid improvements in employment and income. Meanwhile, the outlook remains uncertain due to factors such as prolonged geopolitical risks, price increases including rising raw material and energy prices, exchange rate fluctuations, future policies in the United States and concerns about the Chinese economy.

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 to 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 staff as an improvement to the standard for the first time in 75 years. In addition, various measures on different dimensions 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 club system” 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, aiming for sustainable growth and further earnings expansion, 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. 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, with a view to global expansion, we are considering launching childcare support services overseas and actively promoting new business development using overseas human resources, including cooperation with local educational institutions.

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 in order to support sustainable growth and competitive superiority.

Furthermore, with regard to the business alliance with Duskin Co., Ltd., we have established a committee to study the collaboration between the two companies. Through the effective use of both companies’ management know-how and mutual cooperation, we are implementing measures to promote childcare support services.

As part of our Group's strategy for further growth, 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 childcare support, we will contribute to creating smiles for everyone."

During the fiscal year ended March 2025, 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. 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 have provided 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 Childcare Room	(Apr. 1, 2024)
Mejirodai Childcare 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 are 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 schools.

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)

*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 Gotenhama 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 March 31, 2025.

As a result, the Group’s consolidated net sales were 41,147 million yen (up 8.7% year on year), operating profit was 5,809 million yen (up 26.7%), ordinary profit was 5,858 million yen (up 29.5%), and profit attributable to owners of parent was 3,920 million yen (up 33.9%).

Net sales increased 8.7% year on year. Despite a decrease in subsidies to combat rising prices and other issues, this growth was mainly 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. The change in the number of children per nursery staff (revision of standards for assigning nursery staff for 4-5-year-old children in care) implemented as drastic countermeasures against declining birth rates and a significant increase in subsidies due to the improvement in the treatment of childcare workers also contributed to the growth.

In terms of operating profit and ordinary profit, despite a decrease in subsidies due to 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, expenditures related to corporate hometown tax donations aimed at improving childcare support environments, and increased expenses related to the newly introduced shareholder benefit program, 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 profit increased by 26.7% year on year, and ordinary profit grew by 29.5%, achieving substantial profit growth.

Profit attributable to owners of parent increased significantly by 33.9% 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 fiscal year

As for the financial position at the end of the current fiscal year, the total assets amounted to 37,622 million yen (up 733 million yen from the end of the previous fiscal year).

Current assets totaled 26,862 million yen (up 1,488 million yen), mainly reflecting an increase of 1,750 million yen in accounts receivable - other, while there was a decrease of 201 million yen in cash and deposits.

Non-current assets totaled 10,760 million yen (down 755 million yen). This was mainly due to decreases of 399 million yen in buildings and structures and 214 million yen in long-term loans receivable.

Total liabilities amounted to 18,114 million yen (down 2,667 million yen).

Current liabilities amounted to 11,175 million yen (up 766 million yen), mainly reflecting increases of 510 million yen in other, 225 million yen in income taxes payable, and 175 million yen in accounts payable - other, while there was a decrease of 196 million yen in current portion of long-term borrowings.

Non-current liabilities totaled 6,938 million yen (down 3,434 million yen). This was mainly due to a decrease of 3,460 million yen in long-term borrowings.

Total net assets at the end of the current fiscal year totaled 19,508 million yen (up 3,400 million yen). This was mainly due to an increase of 3,238 million yen in retained earnings.

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter referred to as “the funds”) for the current consolidated fiscal year were 4,205 million yen from the funds obtained through operating activities; 162 million yen used for investing activities; and 4,243 million yen used in financing activities, totaling 20,743 million yen, down 201 million yen from the end of the previous fiscal year.

The cash flow situations and their reasons for the current consolidated fiscal year are as follows:

[Cash flows from operating activities]

The funds provided by operating activities were 4,205 million yen (5,598 million yen was provided during the previous consolidated fiscal year).

This was mainly due to profit before income taxes of 6,069 million yen, an increase in accounts payable - other and accrued expenses of 726 million yen, depreciation of 698 million yen, and an increase in other current liabilities of 188 million yen, offset by income taxes paid of 1,885 million yen, and an increase in accounts receivable - other of 1,729 million yen.

[Cash flows from investing activities]

Net cash used in investing activities was 162 million yen (6 million yen was used during the previous fiscal year).

This was mainly due to the purchase of property, plant and equipment of 433 million yen, despite proceeds from collection of long-term loans receivable of 275 million yen.

[Cash flows from financing activities]

Net cash used in financing activities was 4,243 million yen (3,978 million yen was used during the previous fiscal year).

This was mainly due to repayments of long-term borrowings of 3,657 million yen, and dividends paid of 678 million yen.

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

	FY3/23	FY3/24	FY3/25
Shareholders’ equity ratio (%)	38.1	43.7	51.9
Shareholders’ equity ratio against current price (%)	86.4	130.3	154.6
Cash flow to interest-bearing debts ratio (years)	5.8	2.2	2.1
Interest coverage ratio (x)	38.5	86.0	81.7

Notes: Shareholders’ equity ratio = shareholders’ equity/total assets

Shareholders’ equity ratio against current price = total current stock price/total assets

Cash flow to interest-bearing debts ratio = interest-bearing debts/cash flow

Interest coverage ratio = cash flow/interest payment

[Note 1] All calculated based on consolidated financial amounts.

[Note 2] Total current stock price calculated based on the total number of shares issued minus treasury shares.

[Note 3] Cash flow here signifies operating cash flow.

[Note 4] Interest-bearing debts here include all the debts that incur interests and are appropriated on the consolidated balance sheet.

(4) Future outlook

Looking ahead, while the number of children on waiting lists at nursery schools has been decreased, and competitive environment is intensifying in regions where the birthrate is declining at an accelerated pace, the number of children on waiting lists at school clubs is increasing among other factors, and the development of a childcare environment is an issue.

Meanwhile, the government is promoting various measures to improve the childcare environment, such as the implementation of drastic measures to address the declining birth rate. The social role of the childcare support providers is becoming even more important.

In light of this situation, the Group intends to prioritize qualitative improvements. Through further improving the quality of our childcare support, we need to create the “facilities that would continue to be selected by customers” that respond to changes in the social environment and the needs of parents. To achieve this, management targets will be set with a higher degree of certainty in

line with changes in the social environment, while also considering upfront investment for the early realization of new businesses as part of our future business expansion in our medium-term management plan. We will manage our business accordingly.

With regard to the rolled targets of our Group's medium-term management plan (from the fiscal year ended March 2025 to the fiscal year ending March 2027), we worked to achieve success in various measures, build an efficient management system, and maximize subsidies. In addition, the government implemented various drastic measures to address the declining birthrate, including the revision of the number of children per nursery staff and a significant increase in subsidies associated with improved treatment of childcare workers, which were not included in the medium-term management plan set at the beginning of the period. As a result, in the fiscal year ended March 2025, we were able to achieve both higher sales and profits, as well as record-high profits, and we were able to achieve net sales and operating profit targets for the fiscal year ending March 2027, which are the target values of our medium-term management plan, ahead of schedule.

In the environment that surrounds our childcare support business, the government and municipalities have 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 view of the progress made in targets for the medium-term management plan (from the fiscal year ended March 2025 to the fiscal year ending March 2027), changes in the external environment, and other factors, we will review consolidated numerical targets using the rolling method. At the same time, we will continue to work on targets: "Achieve growth and establish a competitive advantage," "Reform our profit structure," and "Reform our management base" from the previous fiscal year to further improve and reform our competitive advantage and management foundation with regard to the priority targets of the medium-term management plan.

[Priority Targets of the Medium-Term Management Plan]

The medium-term management plan (from the fiscal year ending March 2026 to the fiscal year ending March 2028) seeks to create new service value and establish a competitive advantage by aggressively developing new businesses for growth, promoting M&As, developing infrastructure through systematization, etc., and building a solid business foundation through structural reforms and business reforms, and aims for sustainable growth by resolving social issues through business.

(1) Achieve growth and establish a competitive advantage

For medium- to long-term growth, we will enhance the staffing and temporary staffing businesses, and overseas businesses, and promote the development of new businesses in collaboration with municipalities. We will also develop new English-focused businesses such as the ALT (Assistant Language Teacher) business, language schools, and online learning services, and expand related facilities to grow our existing businesses and broaden our business domains. Furthermore, we will proactively promote M&As, enrich our learning programs to ensure a competitive advantage, and create new businesses to promote various differentiation strategies to solve problems faced by parents, as well as implement measures to solve social issues surrounding our childcare support.

(2) Reform our profit structure

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

(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.

For the fiscal year ending March 2026, the Group positions this period as a preparatory phase toward achieving the goals set out in our medium-term management plan (from the fiscal year ending March 2026 to the fiscal year ending March 2028) with a focus on strengthening investments aimed at future revenue growth through the expansion of global business and the development of new initiatives in collaboration with municipalities. In the overseas business domain, we will establish local subsidiaries and work in cooperation with local educational institutions and municipalities both in Japan and overseas. These initiatives will include promotion of the Assistant Language Teacher (ALT) business, development and operation of local language schools, utilization of highly skilled foreign personnel, expansion of online learning, and facility operations overseas.

Domestically, we will work to advance new business developments, including the establishment and expansion of new models within licensed nursery schools and international preschools outside the licensed system. At the same time, we will promote

systemization to improve operational efficiency and strengthen the management structure.

Due to these forward-looking investments and the extraordinary income recorded in the current fiscal year from compensation related to redevelopment in the area surrounding the head office, a temporary decline in profit is anticipated for the fiscal year ending March 2026 compared to the current year. Nevertheless, we will strive to achieve revenue growth and sustainable expansion by the fiscal year ending March 2028 through new business development.

For the above reasons, the Company forecasts net sales of 41,904 million yen (up 1.8% year on year), operating profit of 5,653 million yen (down 2.7%), ordinary profit of 5,703 million yen (down 2.6%), and profit attributable to owners of parent of 3,745 million yen (down 4.5%).

The following is a breakdown of the childcare facilities that the Group has entrusted with the opening of new facilities and planned for business model transformation during the fiscal year ended March 2025, and has started new operations on April 1, 2025.

(Childcare Center)(*1)

The Company changed licensed nursery schools to certified childcare centers.

Asc Kokuba Childcare Center	(Apr. 1, 2025)
Asc Maezato Childcare Center	(Apr. 1, 2025)

(School Club/Children's House)

Ichi-sho School Club C	(Apr. 1, 2025)
Mitaka Municipal Ichi-sho Smile Club	(Apr. 1, 2025)
Chofu Municipal Takizaka School Club No. 1	(Apr. 1, 2025)
Chofu Municipal Takizaka School Club No. 2	(Apr. 1, 2025)
Matsubara Children's Club No. 2 B	(Apr. 1, 2025)
Taito Ikuei Elementary School After School Kids' Club	(Apr. 1, 2025)
Sakura School Club No. 1	(Apr. 1, 2025)
Juntoku School Club	(Apr. 1, 2025)
Yumegaoka-sho School Club	(Apr. 1, 2025)
Nagayato Elementary School After School Club	(Apr. 1, 2025)
Sarugaku Elementary School After School Club	(Apr. 1, 2025)
Nerima Municipal Hashido-sho Nerikko Hiroba	(Apr. 1, 2025)
Nerima Municipal Hashido-sho Nerikko School Club	(Apr. 1, 2025)
Teramae Elementary School Student Club	(Apr. 1, 2025)
Daiichi Elementary School Student Club	(Apr. 1, 2025)
Koganei Municipal Maehara School Club No. 1	(Apr. 1, 2025)
Koganei Municipal Maehara School Club No. 2	(Apr. 1, 2025)
Koganei Municipal Maehara Provisional School Club No. 3	(Apr. 1, 2025)
Toyoake Municipal Seibu Children's Club	(Apr. 1, 2025)
Toyoake Municipal Yakata Elementary School After School Kids' Club	(Apr. 1, 2025)
Toyoake Municipal Nanbu Children's Club	(Apr. 1, 2025)
Toyoake Municipal Toyoake Elementary School After School Kids' Club	(Apr. 1, 2025)
Toyoake Municipal Himawari Children's House	(Apr. 1, 2025)
Toyoake Municipal Seibu Children's House	(Apr. 1, 2025)
Toyoake Municipal Nanbu Children's House	(Apr. 1, 2025)

(Bilingual Nursery School)

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

Asc Bilingual Nursery School Toyosu (formerly Asc Toyosu Nursery School)	(Apr. 1, 2025)
Asc Bilingual Nursery School Kamimeguro (formerly Asc Kamimeguro Nursery School)	(Apr. 1, 2025)
Asc Bilingual Nursery School Kitashinjuku (formerly Asc Kitashinjuku Nursery School)	(Apr. 1, 2025)
Asc Bilingual Nursery School Yakuoji (formerly Asc Yakuoji Nursery School)	(Apr. 1, 2025)
Asc Bilingual Nursery School Yumemirai (formerly Asc Yumemirai Nursery School)	(Apr. 1, 2025)

(Sports Nursery School)

The Company changed licensed nursery schools to sports nursery schools to provide children with opportunities for physical activities, “while playing and having fun” to develop core strength, balance, and flexibility.

Asc Sports Nursery School Kobuuchi (formerly Asc Kobuuchi Nursery School) (Apr. 1, 2025)

Asc Sports Nursery School Kajigaya (formerly Asc Kajigaya Nursery School) (Apr. 1, 2025)

*1: On April 1, 2025, licensed nursery schools, “Asc Kokuba Nursery School” and “Asc Maezato Nursery School,” were transitioned to certified childcare centers.

2. Basic Policies regarding the Selection of Accounting Standards

Our Group produces financial statements based on the Japanese standard, while taking into consideration the comparability of various financial statement terms as well as that of various companies. Incidentally, the application of international accounting standards will be appropriately enforced, in consideration of various situations inside and outside Japan.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousand yen)

	Previous Fiscal Year (March 31, 2024)	Current Fiscal Year (March 31, 2025)
Assets		
Current assets		
Cash and deposits	20,944,481	20,743,470
Accounts receivable - trade	117,374	114,950
Inventories	46,955	45,627
Accounts receivable - other	3,453,371	5,204,206
Other	812,495	754,410
Allowance for doubtful accounts	-411	-244
Total current assets	25,374,267	26,862,421
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,148,433	12,195,727
Accumulated depreciation and impairment	-8,131,104	-8,577,487
Buildings and structures, net	4,017,329	3,618,240
Machinery, equipment and vehicles	4,442	203
Accumulated depreciation	-1,305	-203
Machinery, equipment and vehicles, net	3,137	0
Tools, furniture and fixtures	1,503,559	1,590,858
Accumulated depreciation and impairment	-987,460	-1,130,334
Tools, furniture and fixtures, net	516,099	460,523
Land	129,529	129,529
Total property, plant and equipment	4,666,095	4,208,293
Intangible assets		
Goodwill	75,964	45,578
Other	29,706	21,868
Total intangible assets	105,671	67,447
Investments and other assets		
Investment securities	473,597	546,995
Long-term loans receivable	2,579,732	2,364,840
Guarantee deposits	1,814,755	1,804,979
Deferred tax assets	1,489,173	1,425,923
Other	392,729	345,306
Allowance for doubtful accounts	-6,510	-3,689
Total investments and other assets	6,743,477	6,484,356
Total non-current assets	11,515,244	10,760,097
Total assets	36,889,511	37,622,519

(Thousand yen)

	Previous Fiscal Year (March 31, 2024)	Current Fiscal Year (March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	196,679	197,866
Current portion of long-term borrowings	3,657,330	3,460,864
Accounts payable - other	2,893,907	3,069,000
Income taxes payable	1,093,442	1,319,207
Accrued consumption taxes	65,639	75,418
Provision for bonuses	891,300	938,381
Asset retirement obligations	6,560	–
Other	1,604,392	2,115,178
Total current liabilities	10,409,252	11,175,916
Non-current liabilities		
Long-term borrowings	8,761,017	5,300,153
Deferred tax liabilities	–	2,688
Retirement benefit liability	1,010,833	1,031,437
Asset retirement obligations	597,439	603,809
Other	2,850	–
Total non-current liabilities	10,372,140	6,938,088
Total liabilities	20,781,392	18,114,004
Net assets		
Shareholders' equity		
Share capital	1,603,955	1,603,955
Capital surplus	1,482,693	1,542,826
Retained earnings	13,840,537	17,078,574
Treasury shares	-724,381	-671,017
Total shareholders' equity	16,202,804	19,554,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-94,396	-73,726
Deferred gains or losses on hedges	1,638	2,129
Remeasurements of defined benefit plans	-1,926	25,772
Total accumulated other comprehensive income	-94,684	-45,823
Total net assets	16,108,119	19,508,514
Total liabilities and net assets	36,889,511	37,622,519

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2023 - Mar. 31, 2024)	Current Fiscal Year (Apr. 1, 2024 - Mar. 31, 2025)
Net sales	37,856,480	41,147,032
Cost of sales	30,664,603	32,460,675
Gross profit	7,191,877	8,686,356
Selling, general and administrative expenses	2,607,056	2,877,354
Operating profit	4,584,821	5,809,002
Non-operating income		
Interest income	74,208	83,143
Other	21,957	29,215
Total non-operating income	96,165	112,358
Non-operating expenses		
Interest expenses	67,532	51,755
Commission expenses	5,770	9,449
Arrangement fee	70,000	—
Other	14,180	2,153
Total non-operating expenses	157,483	63,357
Ordinary profit	4,523,503	5,858,004
Extraordinary income		
Gain on reversal of asset retirement obligations	18,340	—
Gain on bargain purchase	6,803	—
Compensation for head office transfer	—	201,630
Gain on sale of businesses	—	15,590
Total extraordinary income	25,143	217,220
Extraordinary losses		
Loss on sale of non-current assets	909	300
Loss on retirement of non-current assets	1,324	5,235
Loss on impairment of preschool	40,612	336
Total extraordinary losses	42,845	5,873
Profit before income taxes	4,505,801	6,069,351
Income taxes - current	1,615,851	2,105,565
Income taxes - deferred	-39,207	42,890
Total income taxes	1,576,643	2,148,456
Profit	2,929,157	3,920,895
Profit attributable to owners of parent	2,929,157	3,920,895

Consolidated Statement of Comprehensive Income

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)	Current Fiscal Year (Apr. 1, 2024 – Mar. 31, 2025)
Profit	2,929,157	3,920,895
Other comprehensive income		
Valuation difference on available-for-sale securities	17,401	20,670
Deferred gains or losses on hedges	495	490
Remeasurements of defined benefit plans, net of tax	1,438	27,699
Total other comprehensive income	19,335	48,860
Comprehensive income	2,948,493	3,969,756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,948,493	3,969,756

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Fiscal Year (April 1, 2023 – March 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,603,955	1,455,989	11,422,289	-784,199	13,698,034
Changes during period					
Dividends of surplus			-510,909		-510,909
Profit attributable to owners of parent			2,929,157		2,929,157
Disposal of treasury shares		24,727		49,458	74,186
Restricted stock payment		1,976		10,358	12,335
Net changes in items other than shareholders' equity					
Total changes during period	—	26,704	2,418,248	59,817	2,504,770
Balance at end of period	1,603,955	1,482,693	13,840,537	-724,381	16,202,804

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	-111,798	1,143	-3,365	-114,020	13,584,013
Changes during period					
Dividends of surplus					-510,909
Profit attributable to owners of parent					2,929,157
Disposal of treasury shares					74,186
Restricted stock payment					12,335
Net changes in items other than shareholders' equity	17,401	495	1,438	19,335	19,335
Total changes during period	17,401	495	1,438	19,335	2,524,105
Balance at end of period	-94,396	1,638	-1,926	-94,684	16,108,119

Current Fiscal Year (April 1, 2024 – March 31, 2025)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,603,955	1,482,693	13,840,537	-724,381	16,202,804
Changes during period					
Dividends of surplus			-682,858		-682,858
Profit attributable to owners of parent			3,920,895		3,920,895
Disposal of treasury shares		50,589		41,501	92,091
Restricted stock payment		9,544		11,862	21,406
Net changes in items other than shareholders' equity					
Total changes during period	–	60,133	3,238,036	53,364	3,351,534
Balance at end of period	1,603,955	1,542,826	17,078,574	-671,017	19,554,338

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	-94,396	1,638	-1,926	-94,684	16,108,119
Changes during period					
Dividends of surplus					-682,858
Profit attributable to owners of parent					3,920,895
Disposal of treasury shares					92,091
Restricted stock payment					21,406
Net changes in items other than shareholders' equity	20,670	490	27,699	48,860	48,860
Total changes during period	20,670	490	27,699	48,860	3,400,395
Balance at end of period	-73,726	2,129	25,772	-45,823	19,508,514

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)	Current Fiscal Year (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	4,505,801	6,069,351
Depreciation	707,376	698,559
Impairment losses	40,612	336
Amortization of goodwill	30,385	30,385
Gain on bargain purchase	-6,803	–
Increase (decrease) in allowance for doubtful accounts	903	-2,988
Increase (decrease) in provision for bonuses	25,200	47,081
Increase (decrease) in retirement benefit liability	42,327	63,375
Share-based payment expenses	26,084	25,174
Gain on reversal of asset retirement obligations	-18,340	–
Arrangement fee	70,000	–
Interest and dividend income	-74,208	-83,143
Interest expenses	67,532	51,755
Loss (gain) on sale of non-current assets	909	300
Loss on retirement of non-current assets	1,324	5,235
Compensation for head office transfer	–	-201,630
Gain on sale of businesses	–	-15,590
Decrease (increase) in trade receivables	-34,482	2,424
Decrease (increase) in inventories	8,520	1,327
Decrease (increase) in accounts receivable - other	-185,850	-1,729,727
Decrease (increase) in consumption taxes refund receivable	-4,753	60,202
Increase (decrease) in trade payables	10,587	1,187
Increase (decrease) in accounts payable - other, and accrued expenses	1,246,509	726,859
Increase (decrease) in accrued consumption taxes	-30,742	8,003
Increase (decrease) in advances received	-130,014	-30,834
Decrease (increase) in other current assets	1,555	-12,915
Decrease (increase) in other non-current assets	70,913	29,588
Increase (decrease) in other current liabilities	149,567	188,755
Increase (decrease) in other non-current liabilities	2,790	25
Subtotal	6,523,706	5,933,100
Interest and dividends received	150	8,367
Interest paid	-65,072	-51,478
Income taxes refund (paid)	-860,354	-1,885,760
Proceeds from compensation for head office transfer	–	201,630
Net cash provided by (used in) operating activities	5,598,429	4,205,859

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)	Current Fiscal Year (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from investing activities		
Purchase of property, plant and equipment	-291,336	-433,407
Purchase of intangible assets	-2,032	-3,366
Proceeds from refund of guarantee deposits	–	23,342
Payments of guarantee deposits	-10,087	-19,194
Expense of premium	-572	–
Proceeds from collection of long-term loans receivable	281,649	275,886
Purchase of insurance funds	–	-2,200
Subsidies received	11,386	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	7,677	–
Proceeds from sale of businesses	–	2,570
Other, net	-3,087	-6,590
Net cash provided by (used in) investing activities	-6,401	-162,958
Cash flows from financing activities		
Proceeds from long-term borrowings	200,000	–
Repayments of long-term borrowings	-3,674,742	-3,657,330
Arrangement fee paid	-70,000	–
Proceeds from disposal of treasury shares	74,186	92,091
Dividends paid	-507,856	-678,672
Net cash provided by (used in) financing activities	-3,978,411	-4,243,911
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	1,613,615	-201,010
Cash and cash equivalents at beginning of period	19,330,865	20,944,481
Cash and cash equivalents at end of period	20,944,481	20,743,470

(5) Notes on the Consolidated Financial Statements

(Notes on going concern assumption)

None applicable.

(Notes on changes in presentation)

(Consolidated Statements of Income)

“Commission expenses,” which was included in “Other” under “Non-operating expenses” in the previous fiscal year, has been separately presented from the current fiscal year due to its increased materiality in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 19,950 thousand yen, which were presented in “Other” under “Non-operating expenses” in the consolidated statement of income for the previous fiscal year, are reclassified as “Commission expenses” of 5,770 thousand yen and “Other” of 14,180 thousand yen.

(Notes on segment information)

I. Previous Fiscal Year (April 1, 2023 – March 31, 2024)

As our Group operates within one single segment (nursery service), we have omitted the descriptions as such.

II. Current Fiscal Year (April 1, 2024 – March 31, 2025)

The Group’s principal business is the nursery service. Information on other business segments is omitted as they are considered immaterial.

(Notes on per share information)

	Previous Fiscal Year (April 1, 2023 – March 31, 2024)	Current Fiscal Year (April 1, 2024 – March 31, 2025)
Net assets per share	¥188.71	¥228.06
Net income per share	¥34.38	¥45.91

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

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

	(Thousand yen)	
	Previous Fiscal Year (April 1, 2023 – March 31, 2024)	Current Fiscal Year (April 1, 2024 – March 31, 2025)
Profit attributable to owners of parent	2,929,157	3,920,895
Amounts not available to common shareholders	—	—
Profit attributable to owners of parent available to common shares	2,929,157	3,920,895
Average number of common shares during the period (shares)	85,189,303	85,396,567

(Notes on significant subsequent events)

None applicable.