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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 13, 2024, to respond quickly and flexibly to changes in the business environment. However, due to not having anticipated the “changes in the number of children per nursery teacher” (the number of nursery teachers allocated to the children under care) as part of the drastic measures taken by Japan’s government against the decline in birth rates or the increase in the number of children and other factors at the beginning of the period of the Medium-term Management Plan, our company reached the targets for net sales and operating income for the fiscal year ending March 31, 2027 ahead of schedule in the fiscal year ended March 31, 2025.

In light of these circumstances and the changes in the business environment, we have revised and formulated our Three-year Medium-term Management Plan starting in the fiscal year ending March 31, 2026, with a rolling method, as described below.

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

Birth rates are declining at an accelerated pace, while the Japanese government is making efforts to create a supportive environment in which families can raise their children with a sense of safety and security as a measure against the decline in birth rates. Considering such changes in the external environment, our corporate group drew up the Medium-term Management Plan (for the period between the fiscal year ended March 31, 2025 and the fiscal year ending March 31, 2027) on May 13, 2024 with a rolling method. It set priority targets continuing from the previous period of “Achieve growth and establish a competitive advantage,” “Reform our profit structure,” and “Reform our management base.” We have been striving to grow sustainably while settling social issues through our childcare support business.

Specifically, we are propelling forward “building of nursery schools and facilities that would continue to be selected by customers” by pursuing differentiation strategies, such as proactively undertaking the operation of new facilities with the aim of doubling the number of the existing school clubs and children’s houses which we are operating to 200 through the development of new businesses such as strengthening our measures for employment placement and temporary staffing businesses as well as the expansion of the overseas business, enrichment of learning programs that take advantage of our competitive advantage, provision of extracurricular activities outside school hours (such as English, gymnastics, and music classes), expanding bilingual nursery schools that are staffed with native English-speaking teachers as our new facilities and Montessori-method

education nursery schools, establishing sports nursery schools that specialize in sports as new undertaking, and dominant strategies in cooperation with nursery schools, school clubs and children's houses with the intention of establishing a comprehensive childcare support system that covers infants, toddlers, and school-age children.

Furthermore, in the fiscal year ended March 31, 2025, changes were made to the number of children per nursery teacher (the number of nursery teachers allocated to the children under care) as part of the drastic measures taken by Japan's government against the decline in birth rates, which had not been incorporated into the earnings forecast (for the fiscal year ended March 31, 2025) and the Medium-term Management Plan (fiscal year ended March 31, 2025 to fiscal year ending March 31, 2027). The impact of this change on our revenue was immense, as we had already allocated the appropriate number of nursery teachers as part of our efforts toward raising the quality of childcare support. Moreover, as a result of the increase in the number of children during the period and other factors, we achieved the net sales and operating profit for the fiscal year ending March 31, 2027, targeted in the Medium-term Management Plan ahead of schedule, and accordingly, decided to review and revise the consolidated numerical targets using a rolling method along with the announcement of the consolidated earnings forecast for the fiscal year ending March 31, 2026.

We will continuously strive to attain the priority targets, "Achieve growth and establish a competitive advantage," "Reform our profit structure," and "Reform our management base" set in the Medium-term Management Plan, this fiscal year, as in the previous fiscal year to gain a greater competitive advantage and reform and improve our management base.

We will formulate a Three-year Medium-term Management Plan with a rolling method, which we will 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) Three-year Consolidated Numerical Plan

The childcare support industry is facing increasingly harsh conditions with the relentless decline in the birth rate. For "building nursery schools and facilities that would continue to be selected by customers" amid the harsh competitive environment, the Medium-Term Management Plan drawn up as a rolling plan, with a focus on the childcare support business, one of our existing businesses, is aimed at further boosting earnings through optimization of business processes using systems, as well as opening new facilities, undertaking the operation of facilities, enriching highly specialized and high-quality learning programs offered according to each child's level, the development of new businesses based overseas, and propelling forward new education and childcare support businesses in collation with the nation's local governments.

Specifically, to achieve the targets for the fiscal year ending March 31, 2028, the final year of the Medium-term Management Plan, we have positioned this period as a preparation phase to embark on new business development including our global business and collaborations with the nation's local governments, and will strengthen our investments toward expanding future revenues. Especially in our overseas business, we will set up an overseas subsidiary, collaborate with local educational organizations and local governments both in Japan and abroad, to proactively roll out our ALT (Assistant Language Teacher) business and local language schools, and in coordination with these businesses to utilize outstanding overseas human resources and promote online learning as well as operate facilities overseas.

In Japan, we will develop new businesses, such as the new business styles at licensed nursery schools and unlicensed international preschools, while also using systems to further optimizing business processes and shore up the management structure. Due to these future-oriented investments, the fiscal year ending March 31, 2026 will see a one-time decrease in earnings, but it will ultimately lead to an increase in earnings in the fiscal year ending March 31, 2028 and sustainable growth.

[Initial consolidated numerical plan] Announced on May 13, 2024

(Unit: million yen)

	FY3/24		FY3/25		FY3/26		FY3/27	
	Previous results	Change from the previous term	Initial forecast	Change from the previous term	Target	Change from the previous term	Target	Change from the previous term
Net sales	37,856	6.6%	38,528	1.8%	39,163	1.6%	40,165	2.6%
Operating income	4,584	25.0%	4,751	3.6%	4,837	1.8%	5,073	4.9%

Note: The initial forecast for the fiscal year ended March 31, 2025 in the Medium-term Management Plan was as published on May 13, 2024.

We revised the initial forecast for the fiscal year ended March 31, 2025 and published the revised forecast on February 25, 2025.



[Consolidated numerical plan with a rolling method]

(Unit: million yen)

	FY3/25		FY3/26		FY3/27		FY3/28	
	Previous results	Change from the previous term	Initial forecast	Change from the previous term	Previous results	Change from the previous term	Initial forecast	Change from the previous term
Net sales	41,147	8.7%	41,904	1.8%	44,017	5.0%	45,408	3.2%
Operating income	5,809	26.7%	5,653	-2.7%	5,892	4.2%	6,327	7.4%

Note: 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.

(2) Priority Targets of the Medium-Term Management Plan

By developing new businesses for growth, promoting M&As, developing infrastructure through such efforts as systemization, and building solid business foundations, through structural reforms and business reforms, we will create new services and value, establish a competitive advantage, and solve social issues, and thereby, aim for sustainable growth.

The fiscal year ending March 31, 2026 will be a year to solidify our foothold toward further business expansion and future business innovation and growth. Accordingly, we will formulate and execute various business plans in order to expand our earnings from the fiscal year ending March 31, 2027.

1) Achieve growth and establish a competitive advantage

For medium- to long-term growth, we will enhance the placement business, the temporary staffing business and the overseas businesses as well as strengthen the coordination among these businesses, proactively promote M&As to expand our existing business and new business domains, enrich and establish new types of learning programs to ensure our competitive advantage, and promote various differentiation strategies to solve concerns of parents and implement measures to solve social issues surrounding childcare support.

(i) Early establishment and monetization of global businesses

- Develop and scale up facility operations overseas (Southeast Asia) by coordinating with outstanding local companies.
- Utilize various Japanese education programs and childcare support expertise acquired in Japan to roll out multifaceted businesses in the Southeast Asia region.
- Coordinate with local educational organizations and secure outstanding human resources to

launch new education businesses (ALT (Assistance Language Teacher), language schools, and online learning).

(ii) Expansion of the scale and revenues of the employment placement business and the temporary staffing business for Japanese and foreign workers with expertise

- We strive to boost revenues by strengthening the structure of sales activities while cooperating with organizations for dispatching talented workers of foreign nationality.
- Taking advantage of the know-how of childcare support services that our corporate group has gained, we endeavor to build the foundation and expand revenues of the employment placement business and the temporary staffing business for nursery teachers and nurses, who are specialists working in Japan.

(iii) Building of nursery schools and facilities that would continue to be selected by customers to expand existing businesses through regional cooperation

- We will enhance high-quality learning programs, improve distinct nursery schools such as bilingual nursery schools, Montessori-method education nursery schools, and sports nursery schools, and implement various measures that will expand the future possibilities of children.
- 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) Doubling the number of school clubs and children’s houses based on the dominant strategies and strengthening our measures to resolve the problem of children waitlisted for school clubs

- We strive to double the number of school clubs and children’s houses we operate to 200 as swiftly as possible in order to establish a comprehensive childcare support system that covers infants, toddlers, and school-age children.
- We will strengthen our measures toward the “Tokyo-certified school club system,” which have been newly adopted by the Tokyo Metropolitan Government to resolve the problem of children waitlisted for school clubs, and we will proactively open new facilities.

(v) New business development to solve the concerns of parents and social issues

- We endeavor to commercialize the childcare support business as swiftly as possible in cooperation with DUSKIN CO., LTD., one of our business partners.
- We will expand the lesson business utilizing extracurricular time (English, gymnastics, music classes, etc.)
- We will create unique learning programs and experiential learning programs in collaboration with companies and local governments for the future of children, as well as new childcare support businesses.

(vi) Proactive promotion of M&As

- While the industry environment is undergoing changes, we will proactively promote M&As for companies in the same industry that consider the future restructuring of the industry, surrounding companies relating to childcare 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, and improving management efficiency through ICT. 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 management through the utilization of 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 establish a comprehensive childcare support structure for parents taking care of infants, toddlers, and school-age children, thereby optimizing staffing, streamlining operations, and strengthening assistance for childcare 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. To this end, we will strengthen our governance, establish a self-contained business and operational management structure, implement thorough risk management, and improve 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.
 - Our corporate group will strengthen our mutual cooperation with the local governments and effectively utilize both parties' resources to develop and expand an environment conducive to childrearing.