

# Summary of Business Results for the Fiscal Year Ended March 31, 2024 [Japan GAAP] (Consolidated)

May 13, 2024

Company **JP-HOLDINGS, INC.**  
 Stock Code 2749  
 Representative Tohru Sakai, President and Representative Director  
 Contact Ryoji Tsutsumi, Director  
 Expected date of annual shareholders' meeting: June 25, 2024  
 Expected date of filing of annual securities report: June 26, 2024  
 Preparation of supplementary financial document: Yes  
 Results briefing: Yes (for media members, institutional investors, analysts)

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

T E L: +81-52-933-5419

Expected starting date of dividend payment: June 26, 2024

(Rounded down to million yen)

## 1. Consolidated business results for the fiscal year ended March 2024 (April 1, 2023 through March 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	%
Year ended Mar. 2024	37,856	6.6	4,584	25.0	4,523	20.8	2,929	8.5
Year ended Mar. 2023	35,507	3.3	3,667	9.6	3,745	11.5	2,698	18.4

(Note) Comprehensive income:

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

Year ended March 2023: 2,672 million yen (15.7%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2024	34.38	-	19.7	12.5	12.1
Year ended Mar. 2023	31.18	-	21.1	10.7	10.3

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	36,889	16,108	43.7	188.71
As of Mar. 31, 2023	35,694	13,584	38.1	159.53

(Reference) Shareholders' equity:

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

As of March 31, 2023: 13,584 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. 2024	5,598	-6	-3,978	20,944
Year ended Mar. 2023	2,735	411	-1,112	19,330

## 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. 2023	-	0.00	-	6.00	6.00	510	19.2	4.1
Year ended Mar. 2024	-	0.00	-	8.00	8.00	682	23.3	4.6
Year ending Mar. 2025 (forecast)	-	0.00	-	9.50	9.50		26.1	

### 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

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): 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, 2024 87,849,400 shares

As of March 31, 2023 87,849,400 shares

② Treasury stock at the end of period:

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

As of March 31, 2023 2,697,857 shares

③ Average number of stock during period

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

Year ended March 31, 2023 86,537,843 shares

#### (Reference) Summary of non-consolidated business results

##### 1. Non-consolidated business results for the fiscal year ended March 2024

(April 1, 2023 through March 31, 2024)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2024	3,828	20.9	2,396	46.7	2,446	39.1	2,045	24.5
Year ended Mar. 2023	3,168	3.3	1,633	17.0	1,758	15.4	1,642	22.7

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2024	24.01	-
Year ended Mar. 2023	18.98	-

(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, 2024	21,717	8,326	38.3	97.55
As of Mar. 31, 2023	23,580	6,687	28.4	78.53

(Reference) Shareholders' equity:

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

As of March 31, 2023: 6,687 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 Tuesday, May 14, 2024, 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, the Japanese economy continued to be uncertain due to the situation in Ukraine, the situation in the Middle East, soaring raw material and energy prices, exchange rate fluctuations, and soaring domestic prices, despite the lifting of activity restrictions and progress toward normalization of social and economic activities following the downgrading of the legal status of COVID-19 to “Class 5”.

Meanwhile, in the environment surrounding the child-raising support business, the “Children and Families Agency” was established in April 2023 as a countermeasure against the accelerating decline in the birthrate, and in June 2023 the government issued the “Children's Future Strategy,” which outlines the specific content of measures against the declining birthrate with different dimensions. As a national policy, measures against the declining birthrate have been further strengthened. The specific measures of the “Children's Future Strategy” include improving the placement standards for childcare workers, for the first time in 75 years, to establish a system where parents can leave their children in facilities with peace of mind. This involves securing childcare personnel through further enhancements in their treatment. Additionally, a “Universal Childcare System” is planned to be established, enabling all families with children to utilize childcare centers regardless of employment requirements. These efforts are part of the “various measures to address the decline in birth rates”. As such, initiatives aimed at creating a more supportive environment for childcare are being accelerated. The social role of childcare support initiatives is believed to be increasingly crucial.

As described above, while the improvement of childcare environments by the government is being expanded, in areas where the birthrate decline is accelerating, competition among childcare facilities is intensifying to acquire the number of children. For structural reforms for sustained growth and further earnings expansion, the Company reviewed the medium-term management plan (from FY3/24 to FY3/26) with following priority targets: “Achieve growth and establish a competitive advantage,” “Reform our profit structure,” and “Reform our management base”. With this, we are creating new service value and establishing competitive advantage by aggressively developing new businesses for growth through structural and business reforms, M&A, infrastructure development through systemization, etc., and building a solid business base, aiming for sustainable growth.

To effectively adapt to the changing social environment, we are deploying the following strategies. Firstly, we aim to “achieve growth and establish a competitive advantage” by developing new businesses with a focus on medium to long-term growth. Simultaneously, we are proactively considering M&As to not only expand existing operations but also to venture into new business domains. Furthermore, in order to enhance our competitive advantage, we plan to develop and expand new learning programs. For instance, we will offer childcare and after-school programs that incorporate STEAM education, as well as after-school activities such as English, gymnastics, and music classes. Additionally, the strategy encompasses various initiatives, including the operation of a “bilingual nursery school” with English native teachers as a new facility, introduction of “Montessori-method education nursery school”, establishing a comprehensive childcare support system for infants, toddlers, and school-age children, and adopting a dominant strategy through collaboration between nursery schools, after-school clubs, and children’s clubs, aiming to double the current number of after-school clubs and children’s clubs to 200 facilities through proactive expansion efforts. Additionally, we worked on enhancing collaboration with local communities to establish the “My Nursery School System” to support those who are planning to have and raise children, as part of our efforts to improve the parenting environment. As such, we are actively implementing a differentiation strategy as part of our commitment to create “facilities that would continue to be selected by customers” in various regions.

Furthermore, as part of our new business initiatives, we have established the real estate company “Kosodate Support Realty Co., Ltd.” within the group. This entity focuses on real estate intermediary services, property leasing, property management, and real estate consulting related to childcare support operations. These efforts are aimed at achieving early revenue generation.

As a new business development, on February 9, 2024, the Company acquired all shares of ONE’S WILL CO.LTD. which has expertise in the placement and dispatch of personnel and the introduction of foreign specified skilled workers. In response to the domestic labor shortage and in response to various measures by the government to counter the declining birthrate on a different dimension, we are promoting the recruitment and temporary staffing services as a new business that leverages the strengths of both companies, such as acquiring specialist personnel, including childcare workers, and utilizing qualified personnel from overseas.

Furthermore, on October 27, 2023, we concluded a business alliance with Duskin Co., Ltd. The purpose of the alliance is to maximize the corporate value of both companies, create new services for solving social problems and the problems of customers and guardians, and realize an affluent lifestyle through effective use of the management resources and know-how of both companies and mutual cooperation. We have established a committee to study the collaboration and are promoting it.

As part of our Group's 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.”

As for the new facility openings, the Group has opened a total of 10 facilities during the fiscal year ended March 2024 according to the plan, including 1 nursery school (in Tokyo) and 9 school clubs and children's houses (8 in Tokyo, 1 in Saitama), proceeding as planned.

(Nursery School)

Shinagawa Municipal Yashio Nishi Nursery School (Apr. 1, 2023)

(School Club)

Heisei Elementary School After School Kids' Club (Apr. 1, 2023)

Ryusen Kids' Club (Apr. 1, 2023)

Chofu Municipal Chowa Elementary School Club No.2 (Apr. 1, 2023)

Minamikko Hiroba (Apr. 1, 2023)

Minato-ku Houka-go→Club Konan (Apr. 1, 2023)

Takaban Elementary School Lan Lan Hiroba (Apr. 1, 2023)

Yonsho Aozora School Club (Apr. 1, 2023)

Asc Asakusabashi Kids' Club (Jun. 1, 2023)

Matsubara Children's Club No.2 (Jul. 21, 2023)

(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 Eifuku (formerly Asc Eifuku Nursery School) (Apr. 1, 2023)

Asc Bilingual Nursery School Kameido (formerly Asc Kameido Nursery School) (Apr. 1, 2023)

GENKIDS Bilingual Nursery School Shinkoyasu (formerly GENKIDS Shinkoyasu Nursery School) (Apr. 1, 2023)

Asc Bilingual Nursery School Asakusabashi (formerly Asc Asakusabashi Nursery School) (Jun. 1, 2023)

Asc Bilingual Nursery School Meidai-mae (formerly Asc Meidai-mae Nursery School) (Jun. 1, 2023)

\*1: As of March 31, 2023, the Company closed Tokyo Licensed Nursery School named Asc Fudo-mae Nursery School. In addition, due to the expiration of the contract, the Company withdrew from school clubs named Wakuwaku Akabane Hiroba/Akabane Children's Club No. 1, Wakuwaku Akabane Hiroba/Akabane Children's Club No. 2, Wakuwaku Akabane Hiroba/Akabane Children's Club No. 3, Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 1, Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 2, Wakuwaku Kirigaoka-sato Hiroba/Kirigaoka-satokko Club No. 3, Wakuwaku Fukuro Hiroba/Akakita Hibari Club No.3, Wakuwaku Yoniwa Hiroba/Yoniwa Elementary School Icho. Club No. 1, Wakuwaku Yoniwa Hiroba/Yoniwa Elementary School Icho. Club No. 2, Mitaka Municipal Minamiura School Club Annex A, Minato-ku Houka-go→Club Honmura, Bunkyo-ku Meidai Temporary Childcare Room as of March 31, 2023.

As a result, the Group came to have 209 nursery schools, 86 school clubs, 11 children's houses, making a total of 306 childcare facilities as of March 31, 2024.

As a result, the Group's consolidated net sales were 37,856 million yen (up 6.6% year on year), operating income was 4,584 million yen (up 25.0%), ordinary income was 4,523 million yen (up 20.8%), and net income attributable to owners of parent was 2,929 million yen (up 8.5%).

The major factors are as follows:

Net sales increased 6.6% year-on-year due to an increase in the number of children accepted during the period, the opening of new facilities, and new contracts. This was attributable to a variety of initiatives aimed at creating "facilities that would continue to be selected by customers," including the introduction of a bilingual nursery school as a new business format, a Montessori-method nursery school, and the expansion of preschooler learning programs.

Operating income rose 25.0% year on year, despite an increase in cost of sales due to higher electricity charges and soaring prices for various purchased products, as a result of the above-mentioned measures, as well as efforts to maximize subsidies at each facility, improve operating efficiency, and revise the ordering system.

Ordinary income and net income attributable to owners of the parent increased by 20.8% and 8.5% year-on-year, respectively, both sales and profits reached record highs, thanks to growth in net sales, improved profits at existing facilities, and efficient management.

By improving the profitability of existing facilities and maximizing subsidies, we achieved our operating income targets for the fiscal year ending March 2026 two years ahead of schedule in the medium-term management plan (fiscal years ending March 2024 to 2026) revised using the rolling method.

## (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 36,889 million yen (up 1,194 million yen from the end of the previous fiscal year).

Current assets totaled 25,374 million yen (up 1,761 million yen), mainly reflecting an increase of 1,613 million yen in cash and deposits and 189 million yen in accounts receivable.

Fixed assets totaled 11,515 million yen (down 566 million yen). This was mainly due to decreases of 367 million yen in buildings and structures and 225 million yen in long-term loans receivable.

Total liabilities amounted to 20,781 million yen (down 1,329 million yen).

Current liabilities amounted to 10,409 million yen (up 2,114 million yen), mainly reflecting increases of 1,212 million yen in accounts payable-other, 659 million yen in income taxes payable, and 227 million yen in other.

Fixed liabilities totaled 10,372 million yen (down 3,444 million yen). This was mainly due to a decrease of 3,465 million yen in long-term loans payable.

Total net assets at the end of the current fiscal year totaled 16,108 million yen (up 2,524 million yen). This was mainly due to an increase of 2,418 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 5,598 million yen from the funds obtained through operating activities; 6 million yen used for investing activities; and 3,978 million yen used in financing activities, totaling 20,944 million yen, up 1,613 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 5,598 million yen (2,735 million yen was provided during the previous consolidated fiscal year).

This was mainly due to income before income taxes and minority interests of 4,505 million yen, an increase in accounts payable-other and accrued expenses of 1,246 million yen, depreciation of 707 million yen, and an increase in other current liabilities of 149 million yen, offset by income taxes paid of 860 million yen, an increase in accounts receivable-other of 185 million yen, and a decrease in advances received of 130 million yen.

### [Cash flows from investing activities]

Net cash used in investing activities were 6 million yen (411 million yen was provided during the previous fiscal year).

This was mainly due to the purchase of property, plant and equipment of 291 million yen, despite proceeds from the collection of long-term loans receivable of 281 million yen.

### [Cash flows from financing activities]

Net cash used in financing activities was 3,978 million yen (1,112 million yen was used during the previous fiscal year).

This was mainly due to proceeds from long-term loans payable of 200 million yen, repayment of long-term loans payable of 3,674 million yen, and cash dividends paid of 507 million yen.

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

	FY3/22	FY3/23	FY3/24
Shareholders’ equity ratio (%)	34.9	38.1	43.7
Shareholders’ equity ratio against current price (%)	55.4	86.4	130.3
Cash flow to interest-bearing debts ratio (years)	4.1	5.8	2.2
Interest coverage ratio (x)	54.8	38.5	86.0

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 stocks 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 appropriated on the consolidated balance sheet.

#### (4) Future outlook

Looking ahead, while the number of children on waiting lists at nursery schools is being eliminated, the number of children on waiting lists at school clubs is increasing, 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 consideration of measures to address the declining birth rate on a different dimension. The social role of the childcare support business is becoming even more important.

In light of this situation, we intend 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.

With regard to the rolled targets of our Group's medium-term management plan (from the fiscal year ending March 2024 to 2026), we worked to achieve success in various measures, build an efficient management system, and maximize subsidies. As a result, in the fiscal year ended March 2024, we were able to achieve both higher sales and profits, as well as record-high profits, and we were able to achieve operating income for the fiscal year ending March 2026, which is the target value of our medium-term management plan, 2 years ahead of schedule.

In the environment that surrounds our childcare support business, the government has 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 the medium-term management plan (from the fiscal year ending March 2024 to 2026), 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 key objectives of the medium-term management plan are to create new service value and establish a competitive advantage by aggressively developing new businesses for growth, developing infrastructure through M&A, systematization, etc., and building a solid business foundation through structural reforms and business reforms, and to aim for sustainable growth by resolving social issues through business.

##### (1) Achieve growth and establish a competitive advantage

As new businesses for medium-to long-term growth, we will strengthen its staffing and temporary staffing businesses and overseas businesses, promote aggressive M&A to expand existing businesses and new business domains, expand learning programs to capture competitive advantages, and promote various differentiation strategies and measures to resolve social issues that resolve problems faced by parents.

##### (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.

##### (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 above reasons, as for the consolidated performance for the next fiscal year, the Company forecasts net sales of 38,528 million yen (up 1.8% year on year), operating income of 4,751 million yen (up 3.6%), ordinary income of 4,778 million yen (up 5.6%), and net income attributable to owners of parent was 3,106 million yen (up 6.0%).

The business forecasts for the fiscal year ending March 2025 do not include events that are not presented in detail at the current planning stage, such as the new measure ("Childcare for All Children System") as a measure to counter the declining birthrate on a different dimension by the government, and various measures taken by the national and local governments. It also does not include M&A and plans for overseas businesses that are being actively pursued. We will review and announce the details when they are presented.

The following is a breakdown of the childcare facilities that the Group has entrusted with the opening of new facilities during the fiscal year ended March 2024 and has started new operations on April 1, 2024.

(Nursery School)

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

(Childcare Center)

Transition of licensed nursery schools to certified child care centers.

Asc Kozurushinden 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)
Majirodai 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)

(Other Contracted Business)

Shibuya-ku After School Club "Club Business Coordination" Services	(April 1, 2024)
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\*1: As of the end of March 2024, Asc Bilingual Nursery School Eifuku, a Tokyo Metropolitan Government certified nursery school, was closed. In addition, following school clubs were withdrawn as of the end of March 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 "Wakuwaku Yanagida Hiroba/Yanagida Midori Club No.2".

\*2: On April 1, 2024, "Asc Nishi-kokubunji Nursery School" was transitioned from a Tokyo-certified nursery school to a licensed nursery school.



## 2. Basic Policies regarding the Selection of Accounting Standards

Our Group produces financial statements based on the Japanese standard, while taking into consideration the comparabilities of various financial statement terms as well as those 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, 2023)	Current Fiscal Year (March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	19,330,865	20,944,481
Accounts receivable - trade	60,198	117,374
Inventories	55,476	46,955
Accounts receivable - other	3,263,596	3,453,371
Others	904,246	812,495
Allowance for doubtful accounts	-1,291	-411
Total current assets	23,613,092	25,374,267
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,024,967	12,148,433
Accumulated depreciation and impairment	-7,640,405	-8,131,104
Buildings and structures, net	4,384,561	4,017,329
Machinery, equipment and vehicles	203	4,442
Accumulated depreciation	-150	-1,305
Machinery, equipment and vehicles, net	53	3,137
Tools, furniture and fixtures	1,340,178	1,503,559
Accumulated depreciation and impairment	-869,662	-987,460
Tools, furniture and fixtures, net	470,516	516,099
Land	129,529	129,529
Construction in progress	330	-
Total tangible fixed assets	4,984,990	4,666,095
Intangible assets		
Goodwill	106,350	75,964
Others	39,689	29,706
Total intangible assets	146,040	105,671
Investments and other assets		
Investment securities	406,875	473,597
Long-term loans receivable	2,804,871	2,579,732
Guarantee deposits	1,819,824	1,814,755
Deferred tax assets	1,458,611	1,489,173
Others	465,177	392,729
Allowance for doubtful accounts	-4,727	-6,510
Total investments and other assets	6,950,632	6,743,477
Total fixed assets	12,081,664	11,515,244
Total assets	35,694,756	36,889,511

(Thousand yen)

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	186,091	196,679
Current portion of long-term loans payable	3,654,742	3,657,330
Accounts payable – other	1,681,700	2,893,907
Income taxes payable	433,452	1,093,442
Accrued consumption taxes	92,647	65,639
Reserve for bonuses	866,100	891,300
Asset retirement obligation	3,087	6,560
Others	1,376,561	1,604,392
Total current liabilities	8,294,383	10,409,252
Fixed liabilities		
Long-term debt	12,226,111	8,761,017
Retirement benefit liability	970,699	1,010,833
Asset retirement obligation	619,549	597,439
Others	-	2,850
Total fixed liabilities	13,816,359	10,372,140
Total liabilities	22,110,742	20,781,392
<b>Net assets</b>		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,455,989	1,482,693
Retained earnings	11,422,289	13,840,537
Treasury stock	-784,199	-724,381
Total shareholders' equity	13,698,034	16,202,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-111,798	-94,396
Deferred gains or losses on ledges	1,143	1,638
Remeasurements of defined benefit plans	-3,365	-1,926
Total accumulated other comprehensive income	-114,020	-94,684
Total net assets	13,584,013	16,108,119
Total liabilities and net assets	35,694,756	36,889,511

## (2) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

[Consolidated Statement of Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net sales	35,507,855	37,856,480
Cost of sales	29,110,590	30,664,603
Gross profit	6,397,264	7,191,877
Selling, general and administrative expenses	2,729,999	2,607,056
Operating income	3,667,265	4,584,821
Non-operating income		
Interest income	77,750	74,208
Others	83,750	21,957
Total non-operating income	161,500	96,165
Non-operating expenses		
Interest expenses	70,588	67,532
Arrangement fee	-	70,000
Others	12,967	19,950
Total non-operating expenses	83,555	157,483
Ordinary income	3,745,210	4,523,503
Extraordinary income		
Gain on sales of fixed assets	355,993	-
Gain on reversal of asset retirement obligations	20,548	18,340
Gain on negative goodwill	-	6,803
Extraordinary income	376,542	25,143
Extraordinary loss		
Loss on sales of noncurrent assets	-	909
Loss on retirement of fixed assets	3,189	1,324
Impairment loss (on facilities)	55,467	40,612
Total extraordinary loss	58,657	42,845
Income before income taxes and others	4,063,095	4,505,801
Corporate, inhabitant and enterprise taxes	1,234,746	1,615,851
Income taxes-deferred	129,858	-39,207
Total income tax	1,364,605	1,576,643
Net income	2,698,489	2,929,157
Net income attributable to owners of parent	2,698,489	2,929,157

[Consolidated Statement of Comprehensive Income]

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net income	2,698,489	2,929,157
Total accumulated other comprehensive income		
Valuation difference on available-for- sale securities	-61,879	17,401
Deferred gains or losses on ledges	3,677	495
Remeasurements of defined benefit plans	32,122	1,438
Total other comprehensive income	-26,079	19,335
Comprehensive income	2,672,409	2,948,493
Breakdown		
Comprehensive income attributable to owners of parent	2,672,409	2,948,493

### (3) Consolidated Statements of Changes in Shareholders' Equity

Previous Fiscal Year (April 1, 2022 – March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,449,544	9,117,409	-107,515	12,063,393
Changes of items during the period					
Dividends from surplus			-393,609		-393,609
Net income attributable to owners of parent			2,698,489		2,698,489
Purchase of treasury shares				-711,577	-711,577
Disposal of treasury stock		6,935		30,862	37,798
Restricted stock compensation		-491		4,031	3,540
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	6,444	2,304,879	-676,683	1,634,640
Balance at the end of current period	1,603,955	1,455,989	11,422,289	-784,199	13,698,034

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on ledges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	-49,918	-2,533	-35,488	-87,940	11,975,452
Changes of items during the period					
Dividends from surplus					-393,609
Net income attributable to owners of parent					2,698,489
Purchase of treasury shares					-711,577
Disposal of treasury stock					37,798
Restricted stock compensation					3,540
Net changes of items other than shareholders' equity	-61,879	3,677	32,122	-26,079	-26,079
Total changes of items during the period	-61,879	3,677	32,122	-26,079	1,608,561
Balance at the end of current period	-111,798	1,143	-3,365	-114,020	13,584,013

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

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,603,955	1,455,989	11,422,289	-784,199	13,698,034
Changes of items during the period					
Dividends from surplus			-510,909		-510,909
Net income attributable to owners of parent			2,929,157		2,929,157
Purchase of treasury shares					-
Disposal of treasury stock		24,727		49,458	74,186
Restricted stock compensation		1,976		10,358	12,335
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	26,704	2,418,248	59,817	2,504,770
Balance at the end of current 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 ledges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	-111,798	1,143	-3,365	-114,020	13,584,013
Changes of items during the period					
Dividends from surplus					-510,909
Net income attributable to owners of parent					2,929,157
Purchase of treasury shares					-
Disposal of treasury stock					74,186
Restricted stock compensation					12,335
Net changes of items other than shareholders' equity	17,401	495	1,438	19,335	19,335
Total changes of items during the period	17,401	495	1,438	19,335	2,524,105
Balance at the end of current period	-94,396	1,638	-1,926	-94,684	16,108,119

## (4) Consolidated Statement of Cash Flows

(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes and others	4,063,095	4,505,801
Depreciation and amortization	737,366	707,376
Impairment loss	55,467	40,612
Amortization of goodwill	30,385	30,385
Gain on negative goodwill	-	-6,803
Increase (decrease) in allowance for doubtful accounts	-1,871	903
Increase (decrease) in provision for bonuses	-40,320	25,200
Increase (decrease) in liabilities relating to retirement benefits	79,353	42,327
Share-based payment expenses	2,655	26,084
Gain on reversal of asset retirement obligations	-20,548	-18,340
Arrangement fee	-	70,000
Interest and dividends income	-77,750	-74,208
Interest expenses	70,588	67,532
Loss (gain) on sales of fixed assets	-355,993	909
Loss on retirement of fixed assets	3,189	1,324
Decrease (increase) in notes and accounts receivable-trade	8,452	-34,482
Decrease (increase) in inventories	8,424	8,520
Decrease (increase) in accounts receivable - other	-554,790	-185,850
Decrease (increase) in accrued consumption taxes	-13,083	-4,753
Decrease (increase) in notes and accounts payable-	20,538	10,587
Decrease (increase) in accounts payable - other and accrued expenses	251,817	1,246,509
Increase (decrease) in accrued consumption taxes	-51,244	-30,742
Increase (decrease) in advances received	-20,592	-130,014
Decrease (increase) in other current assets	-78,780	1,555
Decrease (increase) in other fixed assets	116,786	70,913
Increase (decrease) in other current liabilities	15,590	149,567
Increase (decrease) in other fixed liabilities	2,842	2,790
Subtotal	4,251,578	6,523,706
Interest and dividends income received	187	150
Interest expenses paid	-70,960	-65,072
Income taxes (paid) refund	-1,445,567	-860,354
Net cash provided by (used in) operating activities	2,735,238	5,598,429



(Thousand yen)

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net cash provided by (used in) investing activities		
Proceeds from sales of property, plant and equipment	996,251	-
Purchase of property, plant and equipment	-869,848	-291,336
Purchase of intangible assets	-13,342	-2,032
Proceeds from collection of guarantee deposits	47,435	-
Payments for guarantee deposits	-8,770	-10,087
Payment of premium	-	-572
Collection of long-term loans receivable	261,229	281,649
Payments of long-term loans receivable	-45,738	-
Proceeds from subsidy income	138,530	11,386
Proceeds from investments in subsidiaries resulting in change in scope of consolidation	-	7,677
Others	-94,087	-3,087
Net cash provided by (used in) investing activities	411,659	-6,401
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	3,450,000	200,000
Repayments of long-term loans payable	-3,498,904	-3,674,742
Payment of arrangement fee	-	-70,000
Proceeds from disposal of treasury shares	37,798	74,186
Proceeds from disposal of treasury shares	-711,577	-
Cash dividends paid	-390,017	-507,856
Net cash provided by (used in) financing activities	-1,112,700	-3,978,411
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	2,034,197	1,613,615
Cash and cash equivalents at beginning of period	17,296,668	19,330,865
Cash and cash equivalents at end of period	19,330,865	20,944,481

## (5) Notes on the consolidated financial statements

(Notes on going concern assumption)

None applicable.

(Changes in presentation)

(Consolidated Statements of Income)

"Employment adjustment subsidy" under "Non-operating income," which was presented separately in the previous fiscal year, has been included in "Other" from the current fiscal year due to its immateriality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, "Employment adjustment subsidy" of 53,342 thousand yen and "Other" of 30,407 thousand yen, which were presented in "Non-operating income" in the consolidated statement of income for the previous fiscal year, are reclassified as "Other" of 83,750 thousand yen.

"Gain on reversal of asset retirement obligations," which was included in "Other" under "Extraordinary income" in the previous consolidated fiscal year, has become significant in terms of amount and is therefore separately presented in the current consolidated fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 20,548 thousand yen presented as "Other" under "Extraordinary income" in the consolidated statement of income for the previous fiscal year has been reclassified as "Gain on reversal of asset retirement obligations" of 20,548 thousand yen.

(Consolidated Statements of Cash Flows)

"Gain on reversal of asset retirement obligations," which was included in "Increase (decrease) in other current liabilities" in "Net cash provided by (used in) operating activities" in the previous fiscal year, is presented separately in the current fiscal year due to its increased importance. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, "Increase (decrease) in other current liabilities" of -4,958 thousand yen shown in "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified as "Gain on reversal of asset retirement obligations" of -20,548 thousand yen and "Increase (decrease) in other current liabilities" of 15,590 thousand yen.

(Segment Information)

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

(Per-stock Information)

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net assets per share	159.53 yen	188.71 yen
Net income per share	31.18 yen	34.38 yen

(Note) 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:

	Previous Fiscal Year (Apr. 1, 2022 - March 31, 2023)	Current Fiscal Year (Apr. 1, 2023 - March 31, 2024)
Net income attributable to owners of parent (thousand yen)	2,698,489	2,929,157
Net income not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common shares (thousand yen)	2,698,489	2,929,157
Average number of common stock during period (shares)	86,537,843	85,189,303

(Significant events after the reporting period)

None applicable.