

Operates Authorized Nursery Schools

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【 7097 SAKURASAKU PLUS Sector : Services】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
July 2019	5,154	58.9	45	4.7x	1,395	86.4	697	90.2	184.5	357.1	0.0
July 2020	7,629	48.0	241	5.4x	1,494	7.1	933	33.9	247.0	604.1	0.0
July 2021 f	9,613	26.0	462	91.7	1,683	12.7	1,069	14.6	264.4	na	0.0

Note: Consolidated basis. Figures for the fiscal year ending July,2021 are the company's forecast.

It conducted 1-to-300 stock split on November 11,2020. Per share indices are adjusted retroactively.

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SAKURASAKU PLUS handles the management of its two consolidated subsidiaries: SAKURASAKU MIRAI, which operates nursery schools, and SAKURASAKU POWERS, which handles the real estate brokerage and consulting businesses focused on nursery school properties. SAKURASAKU PLUS also has two affiliated companies accounted for by the equity method: AKARUI MIRAI ASSET, which conducts the real estate management business, and Hana TED., JSC which operates the nursery school business in Vietnam. Over 90% of net sales are generated by SAKURASAKU MIRAI.

As of the end of the fiscal year ended July 2020, the group operates 58 authorized nursery schools, one authorized small-sized nursery school in Saitama Prefecture and one nursery school certified by the Tokyo Metropolitan Government.

Authorized nursery schools are facilities approved by local governments based on the Child Welfare Act. As of the end of July, the company operates 53 authorized nursery schools in the 23 wards of Tokyo, one each in Chiba Prefecture and Saitama Prefecture, and three in Osaka Prefecture.

Authorized small-sized nursery schools are businesses approved by municipalities based on the Act on Child and Childcare Support that have a capacity of six to 19 children that are two years old or under. Nursery schools certified by the Tokyo Metropolitan Government are part of a system unique to the Tokyo Metropolitan Government.

Authorized nursery schools and authorized small-sized nursery schools provide nursery services to users (guardians, etc.). However, fees are paid by the users to the respective local governments and the local governments pay outsourcing expenses, etc. to the company (users bear a partial burden at authorized small-sized nursery schools). For nursery schools certified by the Tokyo Metropolitan Government, the company receives subsidies for operation fees from the local government and nursery fees from the users.

Other than posting outsourcing expenses and subsidies, etc. to be received from local governments according to the number of enrolled children as net sales, the company posts subsidies from local governments for part of the expenditures for interior work, etc. when opening a new nursery school as subsidy income which is posted under non-operating income. On the other hand, part of the expenditures for new openings are recorded as pre-operating expenses under non-operating expenses. Therefore, it can be said that the ordinary profit more appropriately indicates the actual management status of the group.

Business Results for Fiscal Year ended July 2020

Net sales for the fiscal year ended July 2020 marked a 48.0% increase year-on-year to 7,629 million yen and ordinary profit was a 7.1% increase year-on-year to 1,494 million yen. For non-operating items, subsidy income decreased 7.3% year-on-year to 1,928 million yen and pre-operating expenses decreased 8.0% year-on-year to 632 million yen.

As for the impact of the COVID-19 pandemic, the ratio of school attendance declined to around 30% in April and May, but it recovered to around 70% in June and is close to 100% at present according to the company. As outsourcing expenses, etc. are paid according to the number of enrolled children, the impact on sales was minimal.

Corporate Plan for Fiscal Year ending July 2021

For the fiscal year ending July 2021, the group expects net sales of 9,613 million yen (26.0% year-on-year increase) and ordinary profit of 1,683 million yen (12.7% year-on-year increase). As for new facilities, it plans to open 14 facilities in the 23 wards of Tokyo.

Financial Statements

Statement of income	Fiscal Year	July 2018		July 2019		July 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		3,244	100.0	5,154	100.0	7,629	100.0
Cost of sales		2,779	85.7	4,464	86.6	6,472	84.8
Gross profit		464	14.3	689	13.4	1,157	15.2
Selling, general and administrative expenses		454	14.0	644	12.5	916	12.0
Operating profit		9	0.3	45	0.9	241	3.2
Non-operating income		1,329	41.0	2,092	40.6	1,948	25.5
Subsidy income		1,319	40.7	2,079	40.3	1,928	25.3
Non-operating expenses		590	18.2	742	14.4	694	9.1
Pre-operating expenses		517	15.9	687	13.3	632	8.3
Ordinary profit		749	23.1	1,395	27.1	1,494	19.6
Profit before income taxes		747	23.0	1,289	25.0	1,494	19.6
Profit attributable to owners of parent		366	11.3	697	13.5	933	12.2

Balance sheet	Fiscal Year	July 2018		July 2019		July 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		708	18.6	1,582	24.2	1,611	20.0
Cash and deposits		386	10.1	974	14.9	799	9.9
Accounts receivable - other		227	6.0	438	6.7	610	7.6
Non-current assets		3,105	81.4	4,961	75.8	6,444	80.0
Property, plant and equipment		2,871	75.3	4,534	69.3	5,929	73.6
Intangible assets		8	0.2	21	0.3	22	0.3
Investments and other assets		225	5.9	404	6.2	492	6.1
Total assets		3,814	100.0	6,543	100.0	8,055	100.0
Current liabilities		931	24.4	1,866	28.5	2,350	29.2
Short-term borrowings		287	7.5	741	11.3	868	10.8
Current portion of long-term borrowings		235	6.2	322	4.9	574	7.1
Non-current liabilities		2,230	58.5	3,327	50.8	3,421	42.5
Long-term borrowings		1,477	38.7	2,044	31.2	1,522	18.9
Net assets		652	17.1	1,349	20.6	2,283	28.3
Shareholders' equity		652	17.1	1,349	20.6	2,283	28.3

Statement of cash flows	Fiscal Year	July 2018	July 2019	July 2020
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		819	1,484	1,815
Depreciation		106	194	308
Cash flows from investing activities		-1,498	-1,968	-1,728
Cash flows from financing activities		698	1,070	-171
Dividends paid		-	-	-
Net increase in cash and cash equivalents		19	586	-84
Cash and cash equivalents		288	875	790

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.