

# Results of Operations for the First Half of the Fiscal Year Ending May 31, 2021



**SERIO HOLDINGS CO., LTD.**  
Hisashi Wakahama, President and CEO



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## **Reference Materials**



## A company that creates happiness for families



Support for work-family balance



Support for the sound growth and development of children

## Support for women for jobs and raising children

### Creating job opportunities

Part-time staffing service provides jobs that match each woman's stage of life

Employment assistance  
(temporary staffing,  
subcontracting, job placements)

### Creating an environment for work

Provision of reliable child care facilities creates time for work

Nursery schools  
(Operation of nursery schools)

After-school day care  
(Operation of after-school day care facilities)



# FY5/2021 First Half Financial Highlights

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## Sales and earnings higher than one year earlier

Sales were higher in all segments. New locations opened in April 2020 contributed to growth of the after-school day care and nursery schools businesses. Expansion of subcontracting operations and new high-volume contracts contributed to growth of the employment assistance business. Earnings were much higher because of sales growth, lower recruiting expenses as the retention rate improved, and the negative effect on earnings one year earlier of one-time expenses.

**Net sales**                      **¥4,057 million** (+17.7% YoY)

**Gross profit**                      **¥836 million** (+40.4% YoY)

**Operating profit**                      **¥227 million** (+352.5% YoY)

**Ordinary profit**                      **¥231 million** (+363.8% YoY)

# Income Statement for the First Half of FY5/2021

(Millions of yen)

	FY5/2021 plan *Announced on Oct. 15, 2020	1H FY5/2021 results	% to sales	YoY change	Progress rate vs. FY5/2021 plan announced on Oct. 15, 2020	1H FY5/2020 results	% to sales
<b>Net sales</b>	8,000	<b>4,057</b>	100.0%	+17.7%	50.7%	3,447	100.0%
<b>Employment assistance</b>	2,450	<b>1,333</b>	32.9%	+14.7%	54.4%	1,162	33.7%
<b>After-school day care</b>	2,520	<b>1,225</b>	30.2%	+11.5%	48.6%	1,098	31.9%
<b>Nursery schools</b>	3,030	<b>1,498</b>	36.9%	+26.3%	49.4%	1,186	34.4%
<b>Cost of sales</b>	6,400	<b>3,221</b>	79.4%	+13.0%	50.3%	2,851	82.7%
<b>Gross profit</b>	1,600	<b>836</b>	20.6%	+40.4%	52.3%	595	17.3%
<b>Selling, general and administrative expenses</b>	1,320	<b>608</b>	15.0%	+11.6%	46.1%	545	15.8%
<b>Operating profit</b>	280	<b>227</b>	5.6%	+352.5%	81.2%	50	1.5%
<b>Ordinary profit</b>	279	<b>231</b>	5.7%	+363.8%	83.0%	49	1.4%
<b>Profit attributable to owners of parent</b>	181	<b>149</b>	3.7%	+345.3%	82.3%	33	1.0%



# Balance Sheet for the First Half of FY5/2021

	As of May 31, 2020		As of Nov. 30, 2020		Change
	Amount	Comp.	Amount	Comp.	
<b>Current assets</b>	2,212	56.6%	<b>2,443</b>	58.1%	+231
Cash and deposits	1,531	39.2%	<b>1,772</b>	42.2%	+240
<b>Non-current assets</b>	1,692	43.3%	<b>1,758</b>	41.8%	+65
Property, plant and equipment	1,230	31.5%	<b>1,302</b>	31.0%	+72
<b>Total assets</b>	<b>3,906</b>	100.0%	<b>4,202</b>	100.0%	+295
<b>Current liabilities</b>	1,264	32.4%	<b>1,342</b>	31.9%	+78
Short-term borrowings	134	3.4%	<b>32</b>	0.8%	-101
Accounts payable for equipment investment	5	0.1%	<b>57</b>	1.4%	+52
<b>Non-current liabilities</b>	915	23.4%	<b>1,002</b>	23.9%	+86
Long-term borrowings	692	17.7%	<b>783</b>	18.6%	+90
<b>Total liabilities</b>	<b>2,179</b>	55.8%	<b>2,344</b>	55.8%	+165
<b>Net assets</b>	1,727	44.2%	<b>1,857</b>	44.2%	+130
<b>Total liabilities and net assets</b>	<b>3,906</b>	100.0%	<b>4,202</b>	100.0%	+295

(Millions of yen)

✓ **Property, plant and equipment**

Increase in non-current assets due to new openings of nursery schools

✓ **Accounts payable for equipment investment**

Increase in accounts payable for construction contracts due to new openings of nursery schools scheduled for April 2021



# Cash Flows for the First Half of FY5/2021

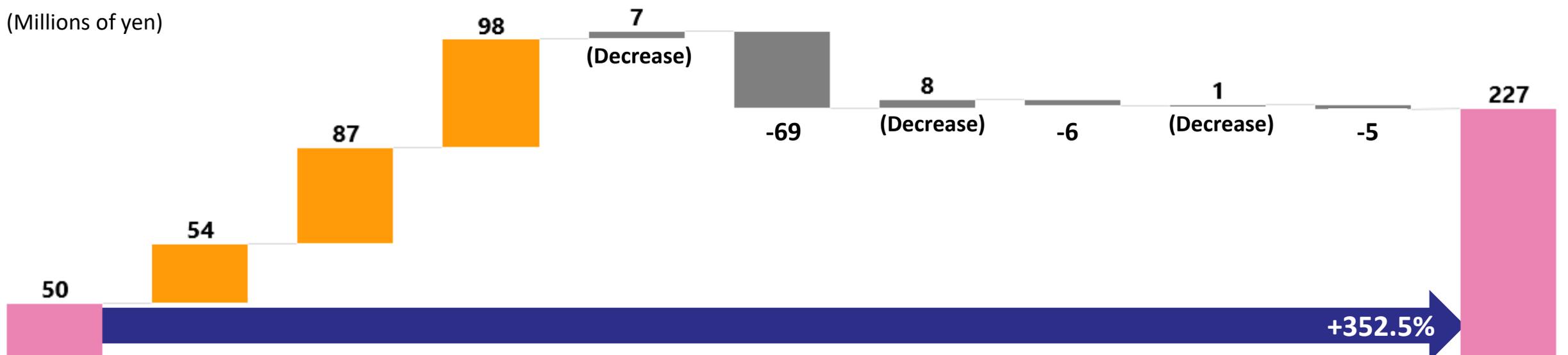
(Millions of yen)

	1H FY5/2020	1H FY5/2021	Change	Reason for change
<b>Cash flows from operating activities</b>	93	<b>316</b>	+222	Higher profits
<b>Cash flows from investing activities</b>	(384)	<b>(47)</b>	+336	Decrease in the purchase of property, plant and equipment (for opening nursery schools)
<b>Cash flows from financing activities</b>	201	<b>(27)</b>	-229	Lower borrowings
<b>Cash and cash equivalents at end of period</b>	1,171	<b>1,772</b>	+600	-



# Analysis of Year-on-Year Change in Operating Profit

(Millions of yen)



1H FY5/2020    Gross profit of employment assistance    Gross profit of after-school day care    Gross profit of nursery schools    Recruiting expenses    Personnel expenses    Supplies expenses    Taxes and dues    Transportation expenses    Other expenses    1H FY5/2021

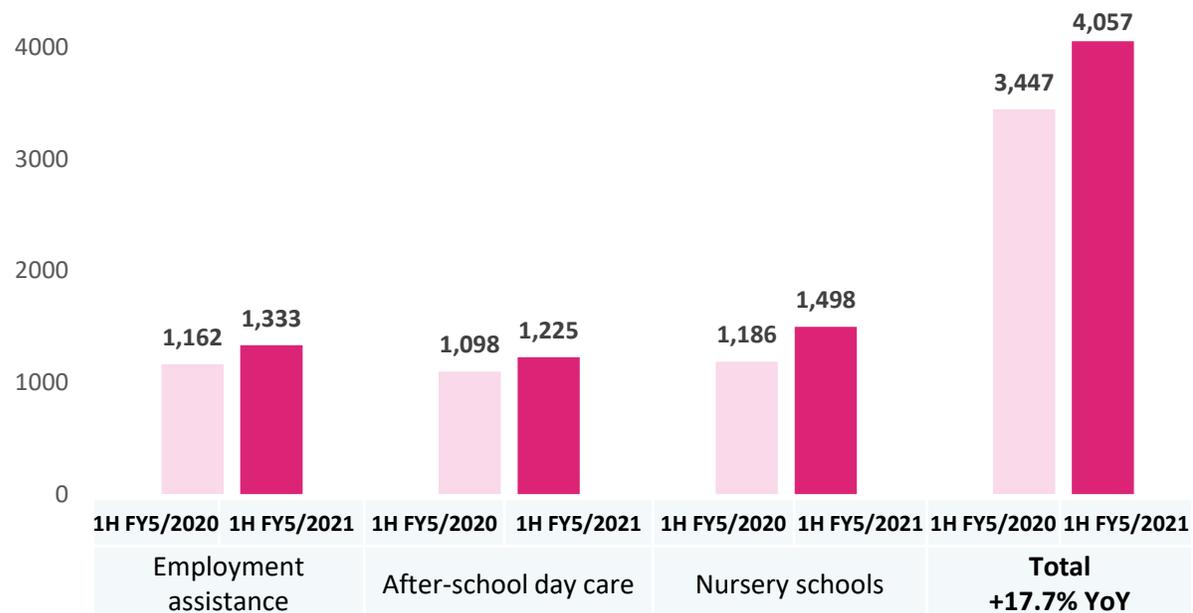
Segment	YoY change	Gross profit
Employment assistance	+54	Sales growth, service rate revisions, higher subcontracting business productivity
After-school day care	+87	Higher sales from facilities opened since April 2020 and a decline in personnel expenses because of a shorter summer vacation
Nursery schools	+98	Sales growth at facilities opened since April 2020 and more children at existing locations

Segment	YoY change	SG&A expenses
Recruiting expenses	+7 (decrease)	Lower retention rate in all segments as jobs and salaries were maintained during the COVID-19 crisis, resulting in a 22% YoY decline in recruiting expenses
Personnel expenses	-69	Full-time employees increased 21% from the end of May 2019 to May 2020
Supplies expense	+8 (decrease)	Down due to one-time expenses in FY5/2020 for replacing PCs
Transportation expenses	+1 (decrease)	Down due mainly to restrictions on travel because of COVID-19

# Quarterly Segment Sales and Operating Profit

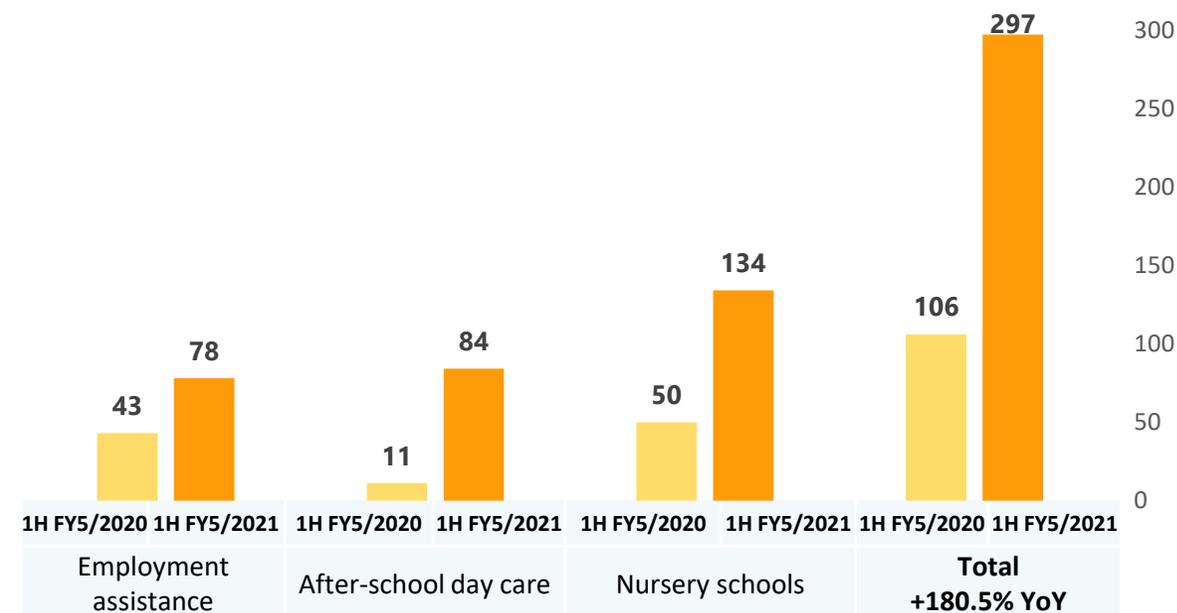
## Net Sales

(Millions of yen)



## Operating Profit

(Millions of yen)



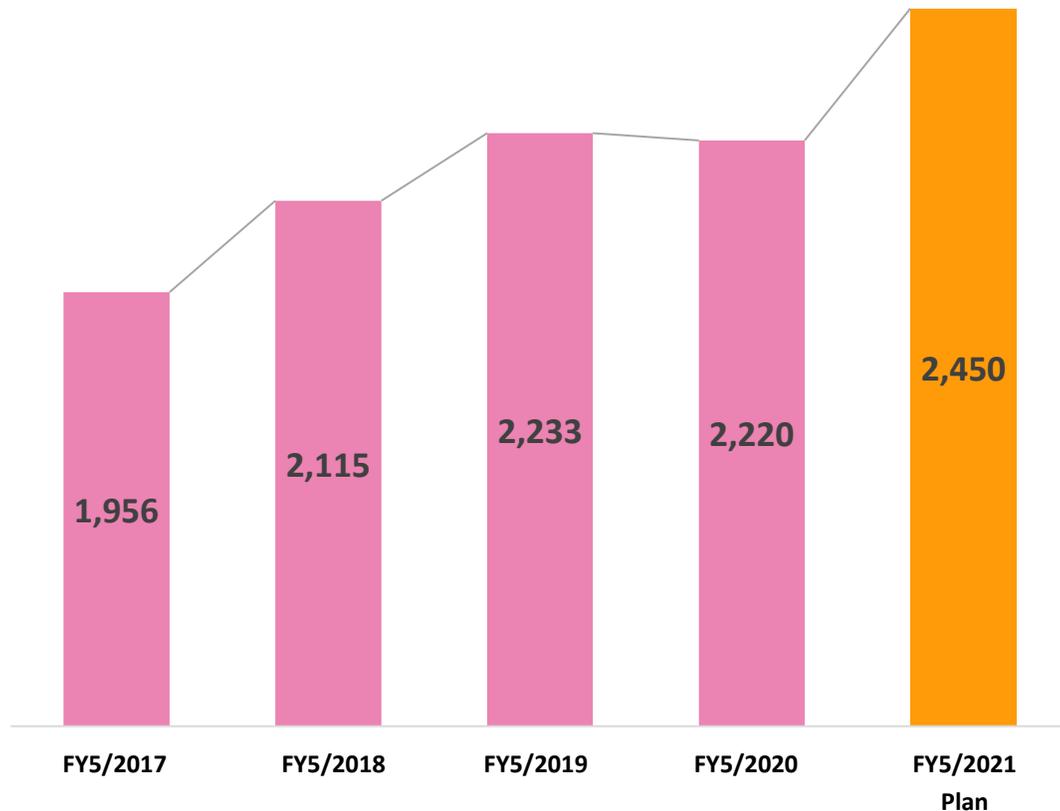
Segment	Net sales		Operating profit	
Employment assistance	↑	More breadth of subcontracting operations, new high-volume contracts, service rate revisions	↑	Sales growth, lower cost of sales ratio due to higher subcontracting business productivity
After-school day care	↑	Net increase of 6 locations: 10 new locations and 4 contracts completed at end of March 2020 (Sales down ¥64 million due to shorter summer vacation because of COVID-19)	↑	Lower personnel expenses due to reduced hours caused by shorter summer vacation, lower recruiting expenses for short-term positions, negative impact of ¥11 million one year earlier of PC replacement expenses at facilities and the head office
Nursery schools	↑	More children at new locations, extensive actions throughout the year to increase children at existing locations	↑	Sales growth, ¥5 million decrease in recruiting expenses due to higher retention rate because jobs and salaries were maintained during suspension of operations and a mentoring program was established



# Employment Assistance Sales Growth Plan and Sales Composition

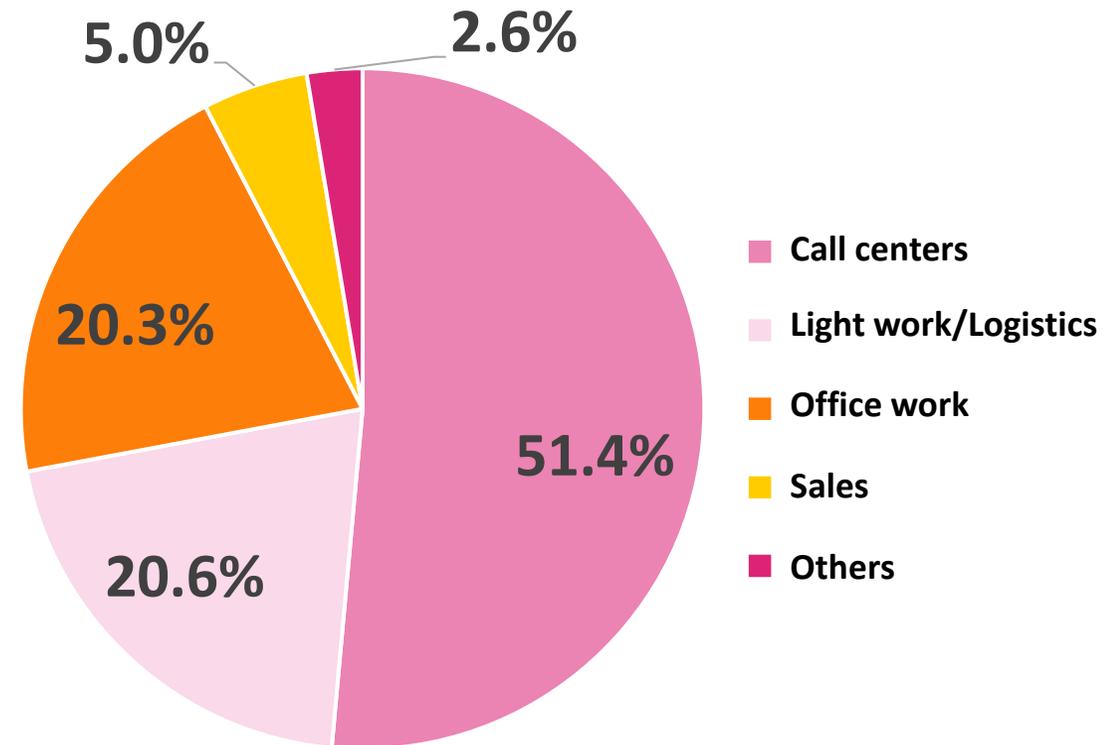
- ✓ Planning on record-high sales in FY5/2021
- ✓ The majority of sales are for call centers, which are ideal for the use of part-time workers
- ✓ Call center operations include repair orders for major home appliance and electronics manufacturers and other categories

Employment Assistance Sales (Millions of yen)



\*Announced on Oct. 15, 2020

Sales Composition in the First Half of FY5/2021



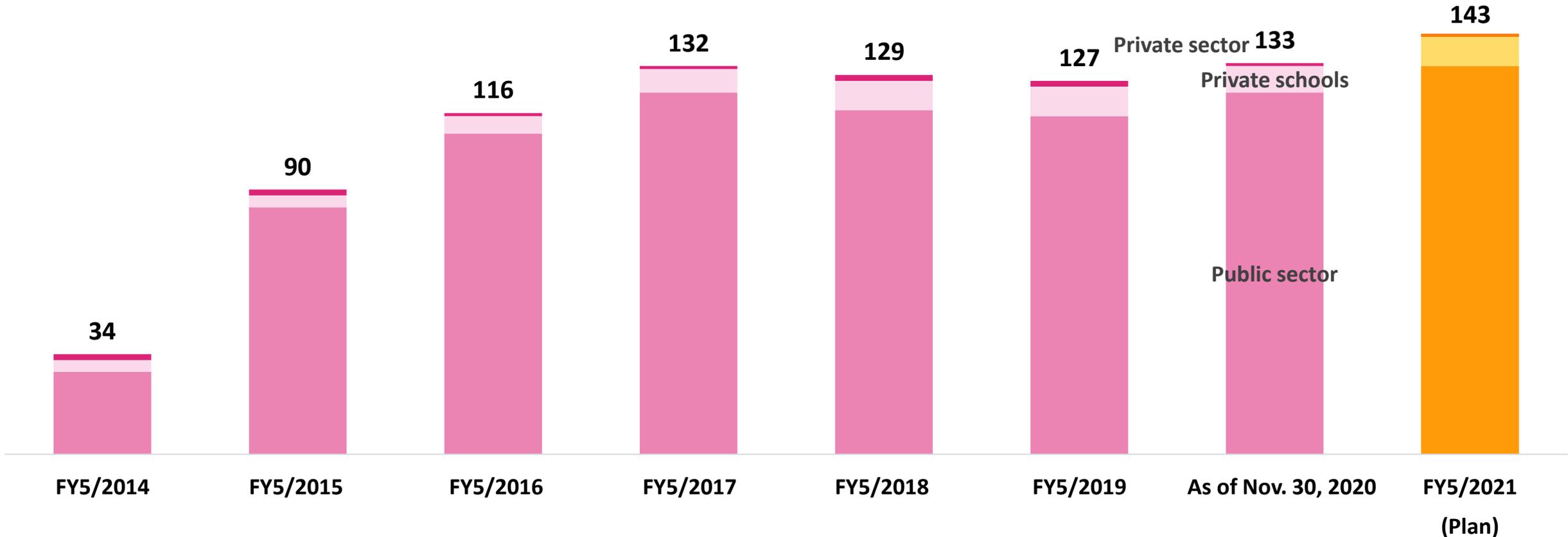
# After-school Day Care Plan for Number of Locations

✓ There were 133 locations at the end of November 2020

✓ Second half: No change in the initial FY plan for 143 locations in April 2021

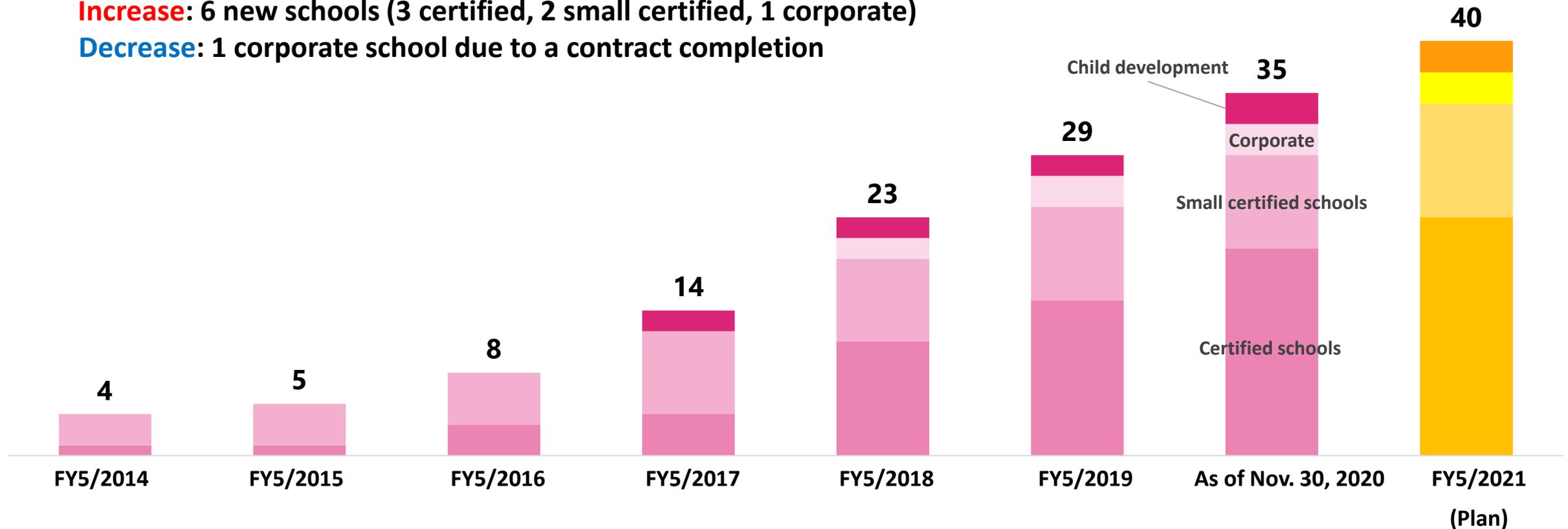
**Increase:** 13 new locations (12 for the public sector, 1 private school facility)

**Decrease:** 3 public-sector locations (1 due to a contract completion, 2 due to elementary school mergers)



# Nursery Schools Plan for Number of Schools

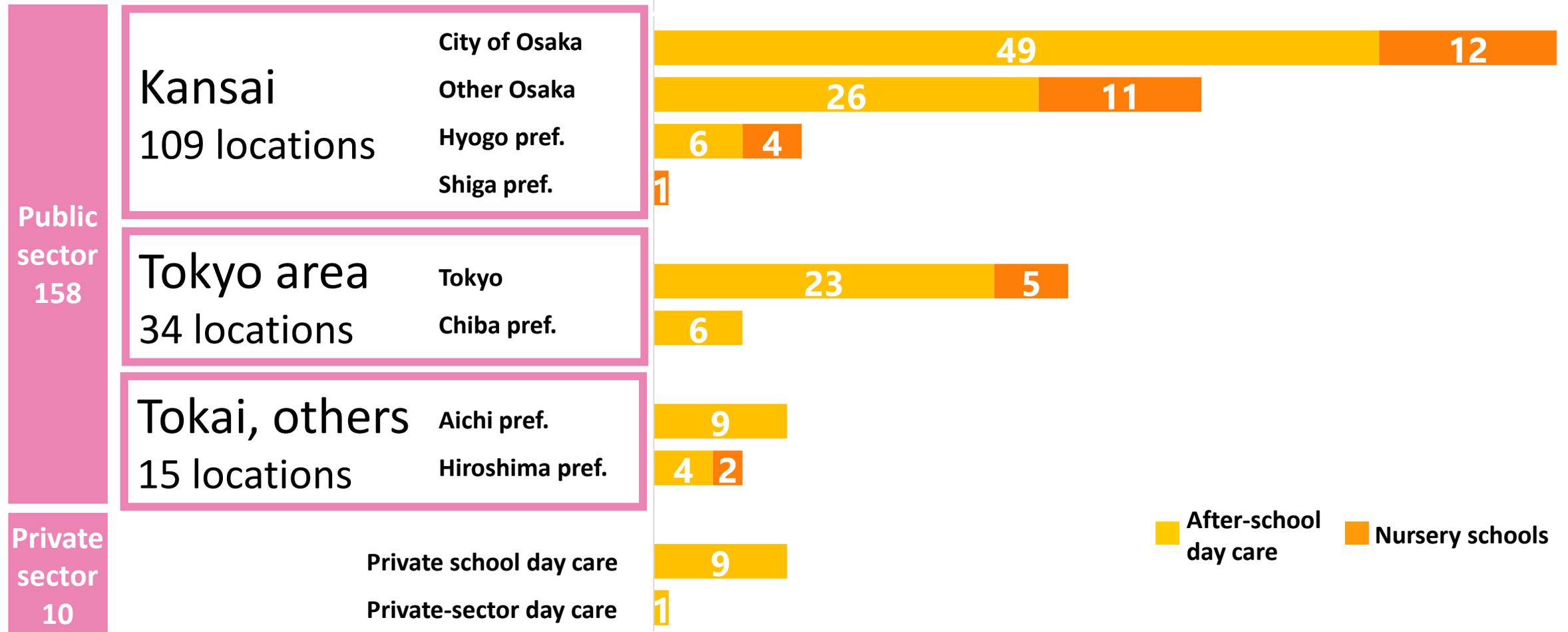
- ✓ There were 35 nursery schools at the end of November 2020
- ✓ Received a contract in October 2020 to operate one community child development support facility
- ✓ Second half: Initial FY plan for 39 schools in April 2021 has been increased to 40, with a negligible effect on sales and earnings.
  - Increase:** 6 new schools (3 certified, 2 small certified, 1 corporate)
  - Decrease:** 1 corporate school due to a contract completion



# Locations by Region (After-school Day Care, Nursery Schools)

There were 168 locations at the end of November 2020, including 158 public-sector facilities

- ✓ Most new locations open in the fourth quarter (April) because of the characteristics of this business model.
- ✓ Most locations are in the Kansai and Tokyo areas. SERIO has considerable experience serving local governments, resulting in a competitive edge in this market that has high barriers to new entrants.



# FY5/2021 Forecast

- ✓ No revisions to the forecast announced on October 15, 2020.
- ✓ Plan to make investments as planned starting in the 3Q while monitoring the effects of the COVID-19 crisis. While continuing to hold down expenses, planning on ICT expenditures (security upgrades, etc.) and expenditures for new services and human resources (¥65 million in the second half).

(Millions of yen)

	FY5/2020		FY5/2021			
	Results	% to sales	Plan Announced on Oct. 15, 2020	Progress ratio	% to sales	YoY change
Net sales	6,948	100.0%	<b>8,000</b>	50.7%	100.0%	+15.1%
Cost of sales	5,668	81.6%	<b>6,400</b>	50.3%	80.0%	+12.9%
Gross profit	1,279	18.4%	<b>1,600</b>	52.3%	20.0%	+25.0%
Selling, general and administrative expenses	1,143	16.5%	<b>1,320</b>	46.1%	16.5%	+15.5%
Operating profit	136	2.0%	<b>280</b>	81.2%	3.5%	+105.0%
Ordinary profit	167	2.4%	<b>279</b>	83.0%	3.5%	+66.3%
Profit attributable to owners of parent	101	1.5%	<b>181</b>	82.3%	2.3%	+79.4%



# FY5/2021 Business Segment Sales Forecast

- ✓ No revisions to the forecast announced on October 15, 2020.
- ✓ Employment assistance: Anticipate some negative effects of the COVID-19 crisis, but performance is recovering faster than expected and new contracts are performing well.
- ✓ After-school day care: Expect sales contribution from 6 schools opened in FY5/2020; plan a net increase of 10 locations as of April 2021 (no change in initial forecast)
- ✓ Nursery schools: Forecast sales contribution from schools opened in FY5/2020 and from more children at existing schools; plan a net increase of 5 schools as of April 2021, one more than initially planned. (Millions of yen)

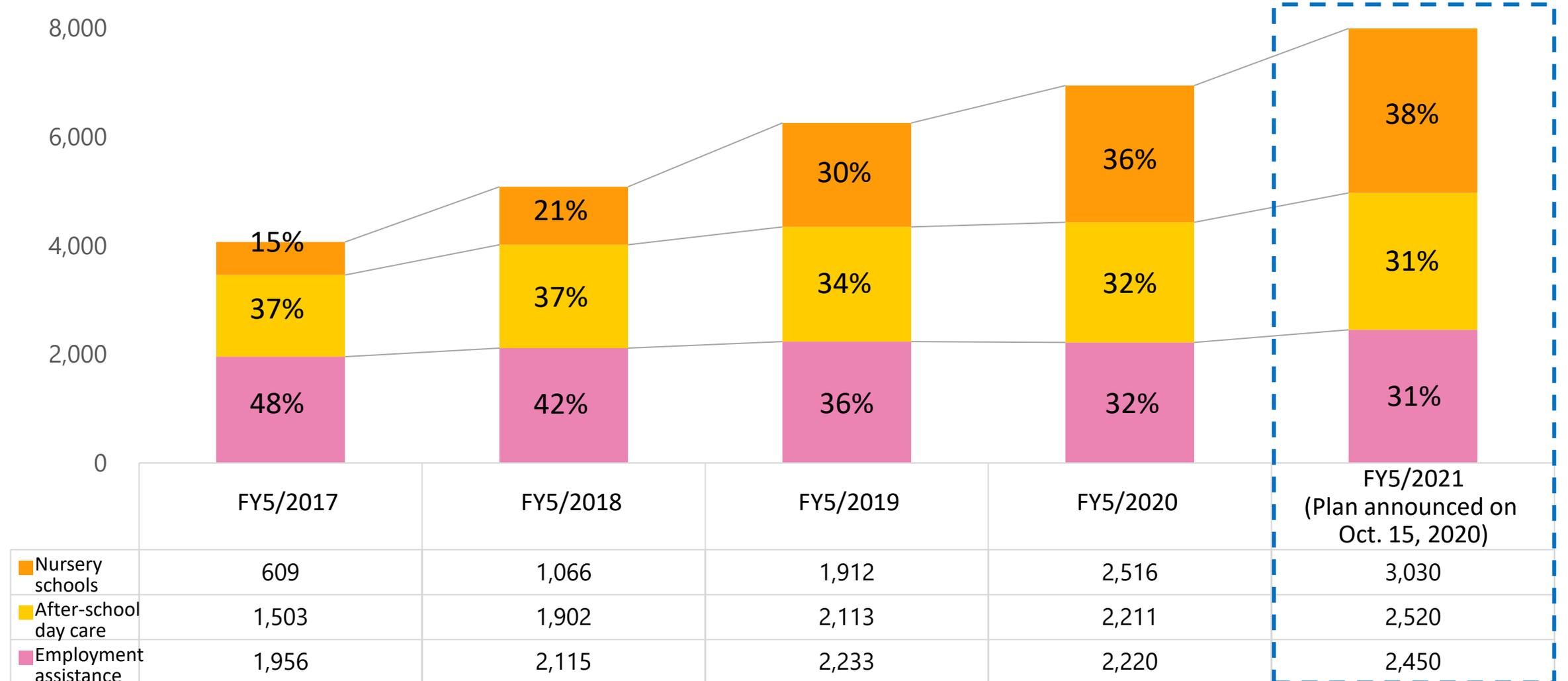
	FY5/2020 Results	FY5/2021		
		Plan Announced on Oct. 15, 2020	Progress ratio	YoY change
Employment assistance	2,220	<b>2,450</b>	54.4%	+10.3%
After-school day care	2,211	<b>2,520</b>	48.6%	+13.9%
Nursery schools	2,516	<b>3,030</b>	49.4%	+20.4%
<b>Total</b>	<b>6,948</b>	<b>8,000</b>	<b>50.7%</b>	<b>+15.1%</b>

# Segment Sales Growth and Composition

✓ Planning on record-high sales in all segments in FY5/2021

✓ Nursery school share of sales is increasing because of sales growth as more schools are opened

(Millions of yen)



## More grass-covered areas for nursery schools, kindergartens and schools for a healthy and pleasant school environment for children

**Name** SERIO Garden Co., Ltd.  
(changed from previous name of Cuore Co., Ltd. in December 2020)

**Business** Sale, installation and care of grass-covered areas for nursery schools and other schools

**Start of operations** January 2021



Client

More than 40,000 nursery schools and kindergartens in Japan

Grass-covered areas helps protect children from heat stroke and injury



# Business Climate: Recent Government Policies

Japan is aiming for female labor force participation of 82% by 2025 (was 70.9% in 2019\*), based on sufficient nursery school and after-school day-care capacity

**SERIO's activities are closely linked with this goal**

Japanese government policies	Category	Female labor force participation	Establish system for work-family balance	
			Nursery schools	Day care
	Current policy	80%	No children waiting for openings by end of FY2020 ✓ Goal not expected to be achieved	Add capacity for 300,000 more children by end of FY2023 Increase day care club capacity
	<div style="text-align: center;">  <p>New goal</p> </div> Child-raising with confidence (Announced in Dec. 2020)	82% in 2025	Add capacity for 140,000 more children by end of FY2024	-
Our businesses		Employment assistance	Nursery schools	After-school day care

\*Labor Force Survey (Basic Tabulation) Average for 2019 (preliminary report), Statistics Bureau of the Ministry of Internal Affairs and Communications

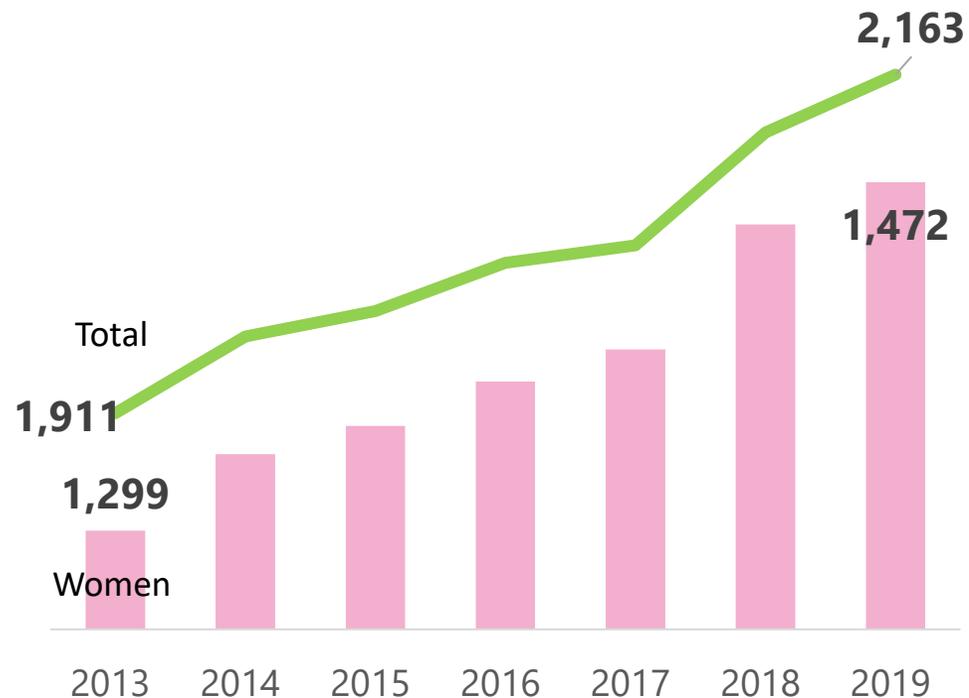


# Business Climate for Employment Assistance

The number of people working in other than full-time jobs is increasing

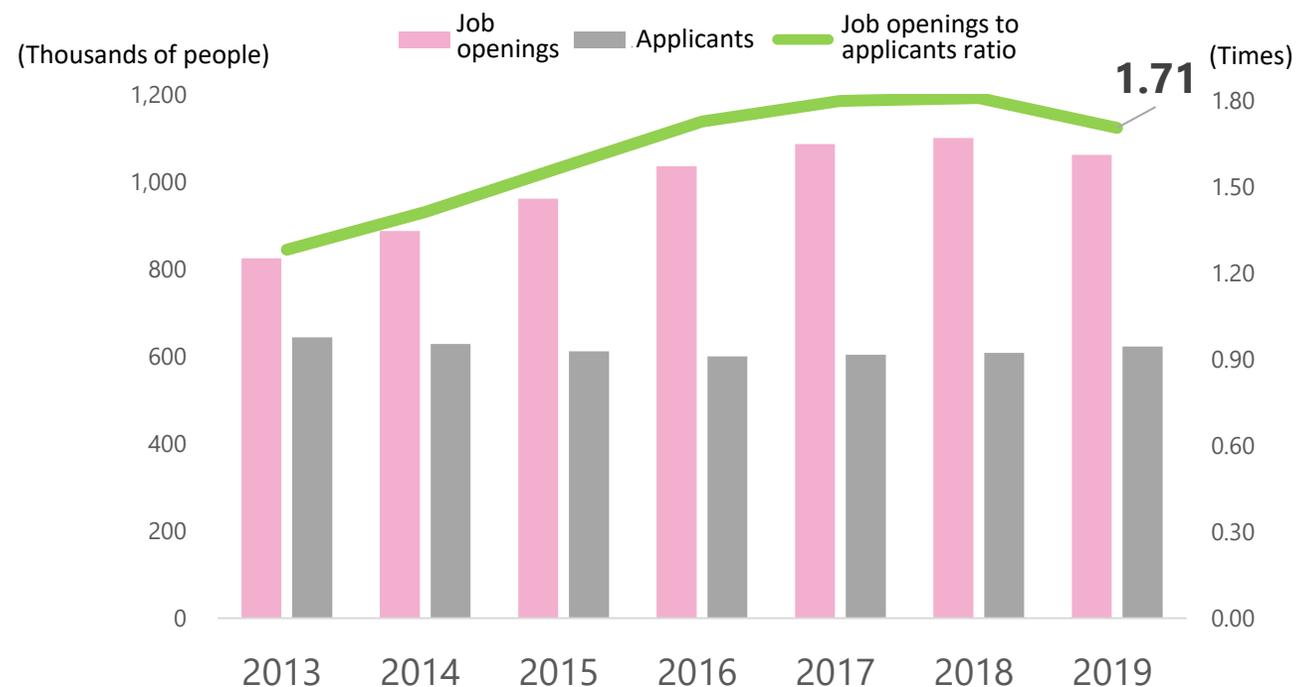
The number of part-time job openings and the ratio of all job openings to applicants peaked in 2018, but both are still high

Part-time Workers in Japan (10,000 people)



2019 Labor Force Survey, Ministry of Health, Labour and Welfare

Part-time Job Openings and Applicants

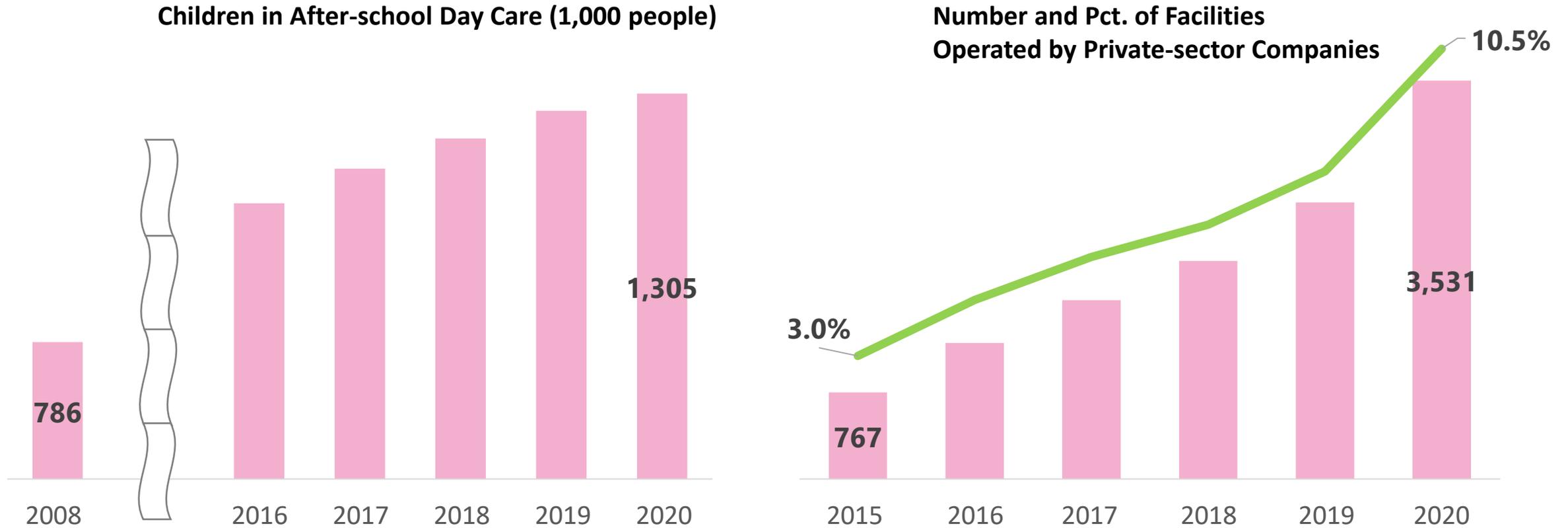


Employment Referrals for General Workers, Actual Data (Part-time), Ministry of Health, Labour and Welfare

# Business Climate for After-school Day Care

The number of children in day care and the number of private-sector companies operating day care facilities are increasing

Significant growth potential because of the small percentage of day care locations operated by private-sector companies

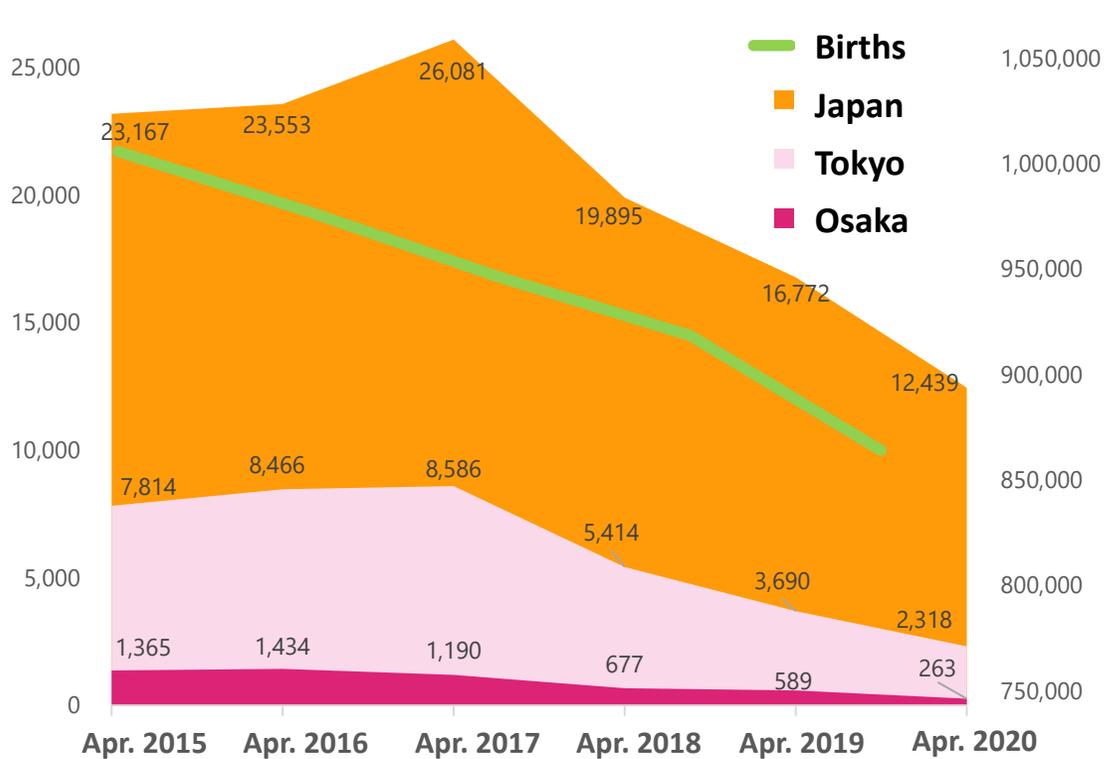


\* Ministry of Health, Labour and Welfare documents and After-school Day-care Facility Survey (2014 to 2020) of the Japan After-school Day-care Liaison Association

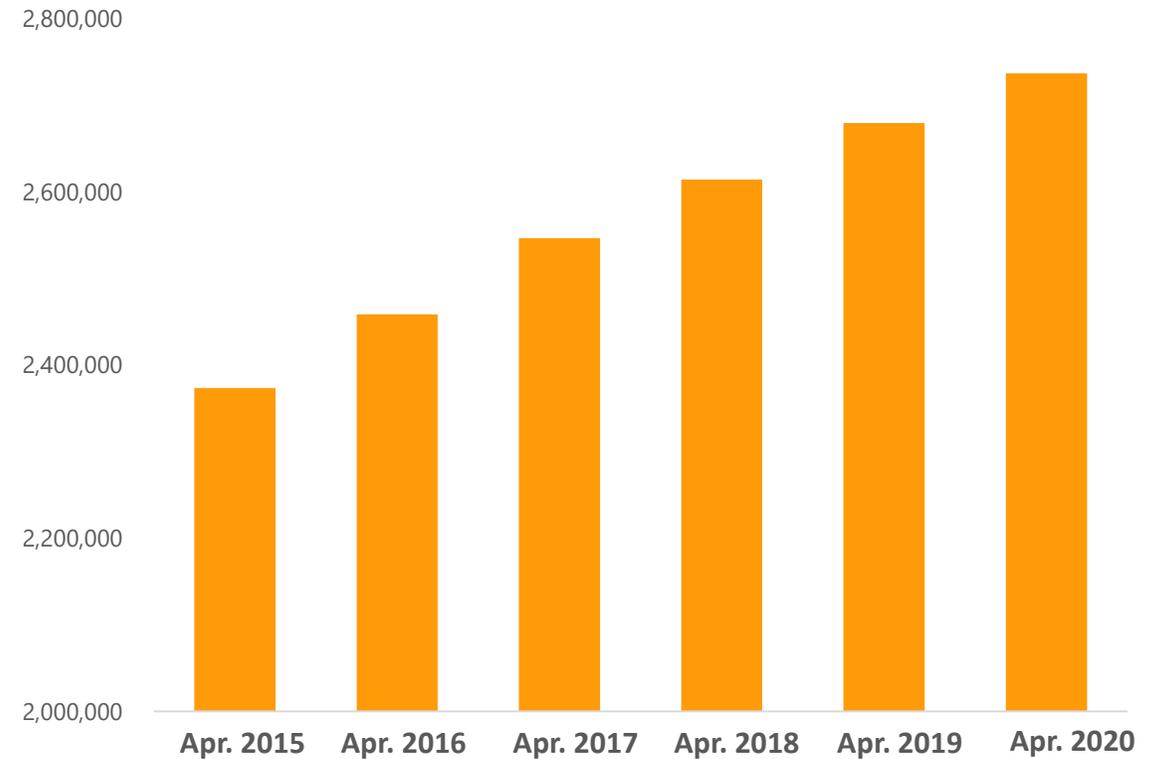
# Business Climate for Nursery Schools

The nursery school market is shrinking as the number of births in Japan declines. The number of children waiting for an opening is falling, but the number of children using a nursery school is continuing to climb as a larger percentage of women have jobs. SERIO is opening nursery schools in areas where demand is strong.

### Children Waiting for an Opening/Number of Births



### Children Using a Nursery School or Similar Facility

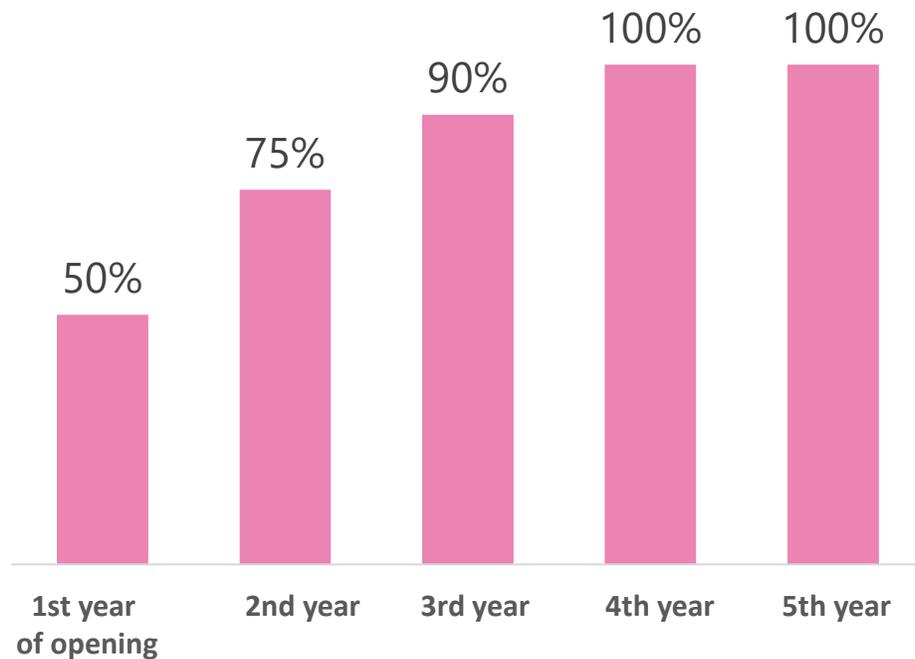


\* 2019 Census Statistics Estimates (Dec. 24, 2019) and Status of Nursery Schools, Etc. (April 1, 2020), Ministry of Health, Labour and Welfare

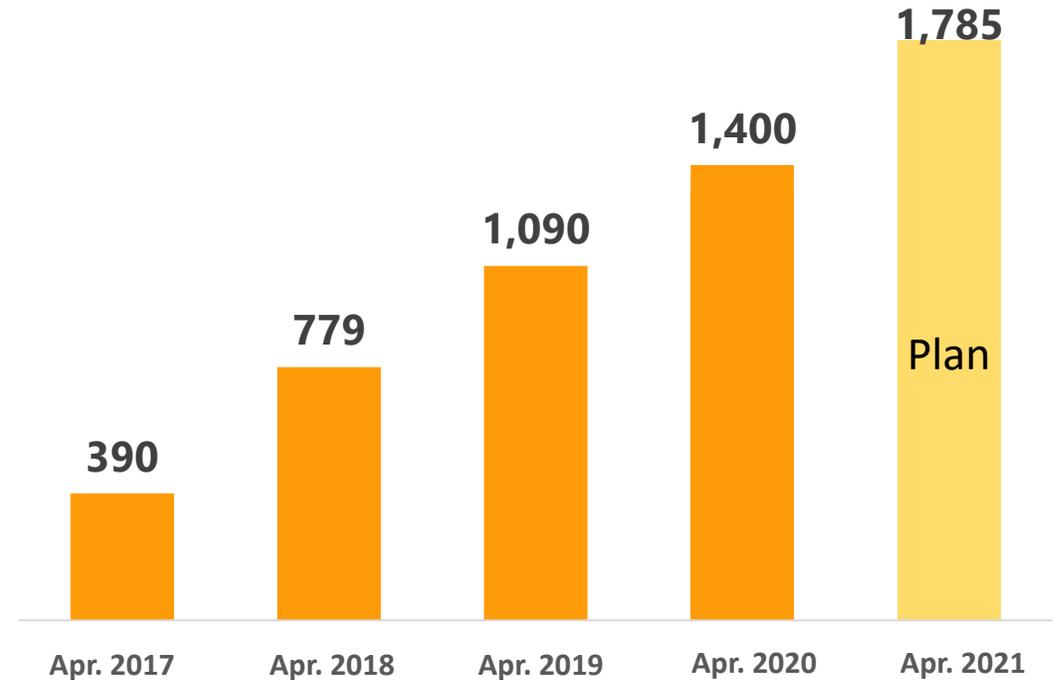
# Model for Filling Nursery Schools and Children at SERIO Nursery Schools

- ✓ Mainly ages 0 to 2 at new nursery schools = Capacity use rises steadily every year
- ✓ Sales are proportional to the number of children in each facility
- ✓ Monitoring the monthly number of children as the KPI. Thorough follow-up activities for each location/local government to attract more children.

Model for Increasing Capacity Utilization



Children at SERIO Nursery Schools



# Impact of the COVID-19 Crisis (First half of FY5/2021)

- ✓ Attrition decreased during the first half (Jun. – Nov. 2020) in all businesses because no jobs were eliminated due to this crisis.
- ✓ Employment assistance: No significant negative effect on new orders; performance for existing customers is stable.
- ✓ After-school day care: Reduced operating hours due to shorter summer vacation; decreases in sales, personnel expenses and recruiting expenses; some parents kept children out of day care.
- ✓ Nursery schools: Some declines in the number of children in June but held down personnel expenses. Continued normal operations.

	Market conditions	Results of operations	Risk factors State of emergency restrictions, etc.	First half impact/FY outlook
<b>Overall</b>	<ul style="list-style-type: none"> <li>• Online sales and business meetings and recruiting, training and other activities</li> <li>• <b>Decline in attrition as all jobs were retained</b></li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in transportation, business travel and other expenses</li> <li>• Integration of Tokyo office, use of free address work space</li> <li>• <b>Lower attrition reduced recruiting activities</b></li> </ul>	No problems anticipated at this time	<ul style="list-style-type: none"> <li>• <b>¥8 million reduction in FY Tokyo office rent</b></li> <li>• <b>¥7 million decrease YoY in 1H recruiting expenses</b></li> </ul>
<b>Employment assistance</b>	<ul style="list-style-type: none"> <li>• <b>Fewer companies are still reducing working hours</b> for temporary staffing personnel</li> <li>• More companies are reexamining their personnel expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Expect negative impact on sales from client companies ranging from only 1Q to the entire FY</li> <li>• Cut recruiting expenses by increasing the internet registration ratio (<b>90.6% in 2Q</b>)</li> </ul>	Reductions in volume of work by client companies (not expected at this time)	<b>First half sales reduction of ¥24 million (but now recovering faster than expected)</b>
<b>After-school day care</b>	<ul style="list-style-type: none"> <li>• Shorter summer vacation to secure sufficient time for classes → <b>Decline in all-day operations</b></li> <li>• Fewer children, probably due to concerns about COVID-19</li> </ul>	<p><b>Lower sales due to shorter operating hours.</b> No additions of short-term workers for summer vacation, using only current personnel → <b>reduced personnel and recruiting expenses</b></p>	Revision in operating hours due to suspension of school operations (not expected at this time)	<p><b>First half sales reduction of ¥56 million</b> <b>First half personnel expense reduction of ¥62 million</b> Forecast only a minor impact for FY5/2021</p>
<b>Nursery schools</b>	End of requests for children to stay home; reduced or canceled various events to place priority on preventing COVID-19 infections	Asked parents for sibling home care cooperation due to elementary school closings in June. Reduced personnel expenses due to fewer children. <b>Lower recruiting expenses due to steep decline in attrition of nursery school personnel.</b>	Slower pace of school openings due to risks of not being able to procure building materials or construction delays caused by the COVID-19 crisis in Japan and other countries (not expected at this time)	Forecast only a minor impact for FY5/2021

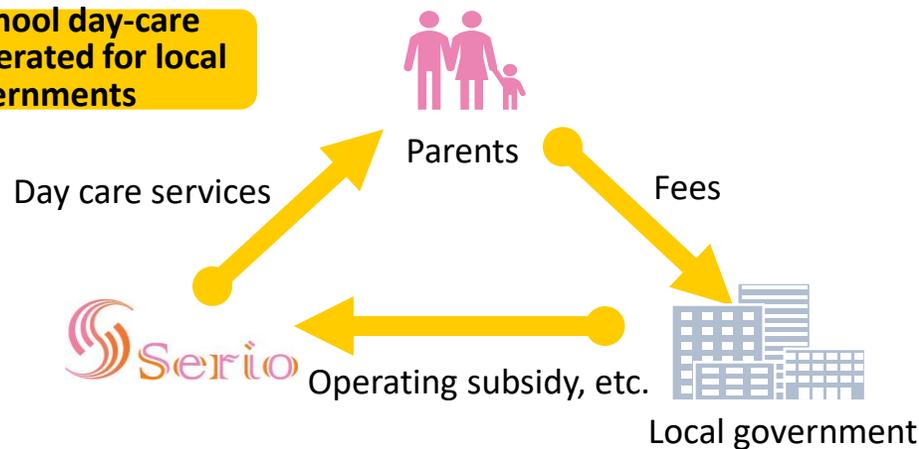


# Impact of the COVID-19 Crisis (After-school Day Care/Nursery School Facilities)

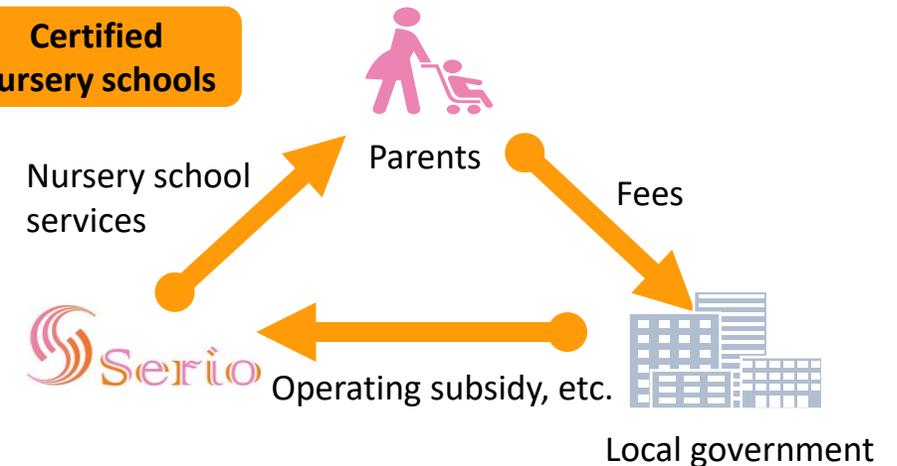
- ✓ After-school day care: Sales and personnel expenses down because of shorter operating hours in July and August
- ✓ Nursery schools: Negligible effect because of the structure of this business
- ✓ Retained jobs and paid salaries of employees furloughed because after-school day-care facilities were closed because of elementary school closings
- ✓ Continued operations with strict COVID-19 preventive measures, placing highest priority on the safety of children, employees, client companies and others

	After-school day care	Nursery schools
<b>Business structure</b>	<ul style="list-style-type: none"> <li>• Annual contracts from local governments to operate these facilities</li> <li>• Shorter operating hours due to extended shutdowns due to elementary school closings → Decreases in operating subsidies and personnel expenses (lower sales and cost of sales)</li> </ul>	Operating subsidies received from local governments are based on the <b>number of registered children</b> in every month

After-school day-care facility operated for local governments



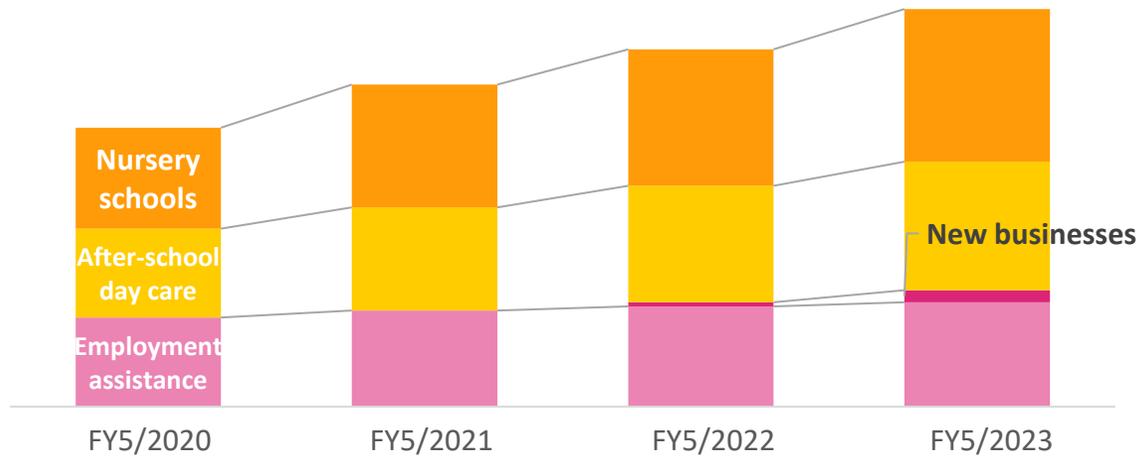
Certified nursery schools



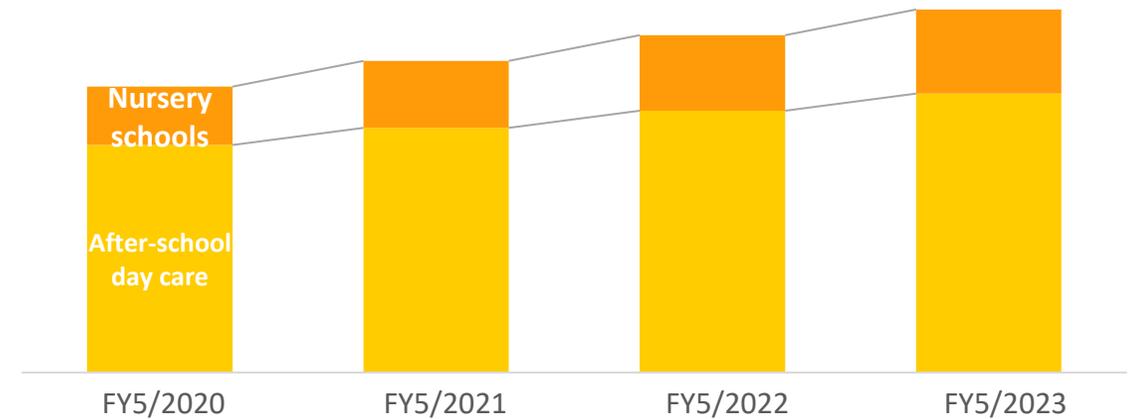
# Medium-term Outlook

- ✓ The goal is growth in all segments over the next several years
- ✓ Minimizing risk exposure by strengthening all three businesses; a stronger head office workforce to support consistent growth

Projected Sales Growth



After-school Day Care/Nursery Schools  
Projected Growth in the Number of Locations



- New working styles (demand at companies for variable personnel expenses)
- Excellent opportunity to supply workers in sectors with chronic labor shortages

Demand is expected to remain strong in both of these businesses as an even larger percentage of women work and child care is provided at no cost

**Employment assistance:** Growth of existing temporary staffing and subcontracting businesses and growth of worker placements in welfare services and other sectors with chronic labor shortages

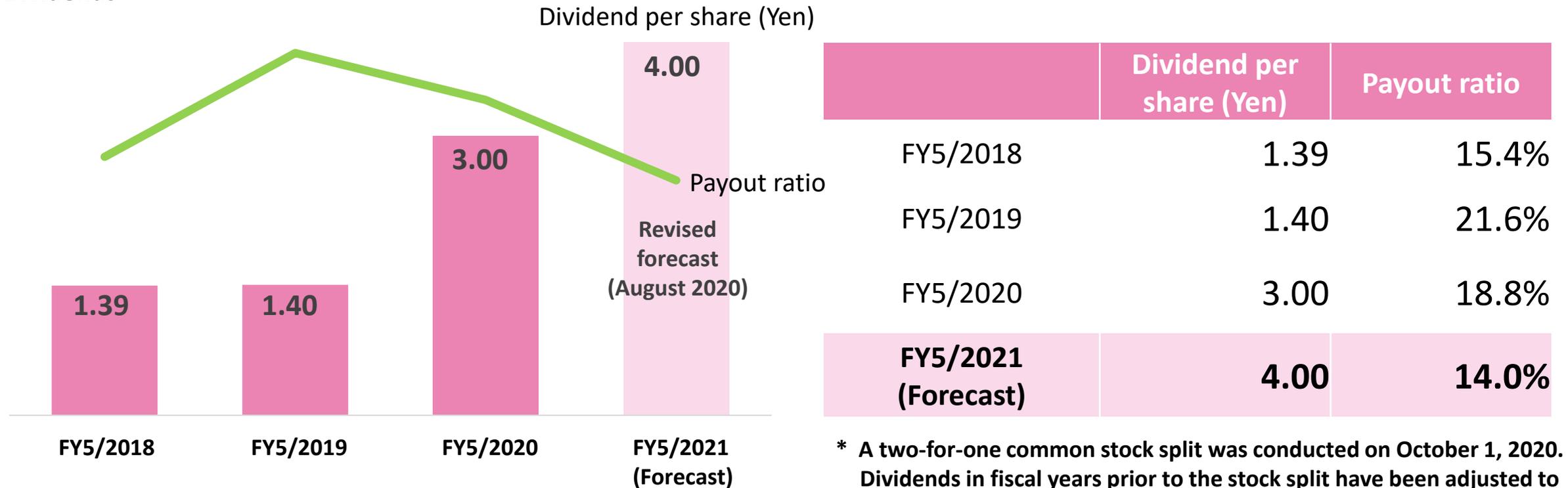
**Plan to add about 10 after-school day care and 5 nursery school locations every year**



# Basic Policy for the Distribution of Earnings

- ✓ A two-for-one stock split on October 1, 2020 increased the liquidity of SERIO Holdings stock
- ✓ The basic policy is to pay consistent and stable dividends while increasing retained earnings and making investments for more growth
- ✓ The current target is a dividend payout ratio of 20%

## Dividends



\* A two-for-one common stock split was conducted on October 1, 2020. Dividends in fiscal years prior to the stock split have been adjusted to reflect this split.

# Our Commitment to ESG

## Dedicated to being a source of happiness for families

All ESG activities are based on the principle of coexistence with stakeholders in order to achieve a sustainable society.

### Environment

- Use of ICT for paperless operations
- Reuse of discarded materials for various projects by children at after-school day-care facilities
- Installation of water conservation devices at nursery schools

### Society

#### Work-family balance

At least 125 days off every year  
Hourly paid time off  
Accumulation of paid leave  
Job retention after extended leave  
Designated no-overtime days  
Child care leave for men

#### Empowerment of women

More welfare programs for child care

#### People with disabilities

Job training programs

#### Health and wellness

Female medical check-ups at no cost  
No smoking program

### Governance

- Three outside directors (37.5%)
- One female director (12.5%)
- Risk Management Committee
- Compliance Committee
- Internal reporting system (hotline)
- Compliance training activities
- Women are 68.4% of managers\*



# Our Commitment to the Sustainable Development Goals

## Our vision for SERIO in 2030!

A company that creates happiness for families accompanied by the consistent growth of corporate value



**Activities linked to SDGs with the goals of sustainable business progress and business activities that take the company in new directions**



Use of an original puppet play using puppets made by interns who are foreign students in Japan in order to teach after-school day-care children about the SDGs. There are also other programs to make children think about how to create a better future.



Support for finding jobs opportunities so that enable people of all ages can realize their full potential. Support for employees to earn child care worker certification to reduce the shortage of child care workers in Japan.



Support for women for jobs and child care, allowing women to continue working while starting a family and caring for children or an aging parent. There are programs that enable all employees of the SERIO Group to achieve their career goals while working in a pleasant environment.



Reduction of waste of food provided for nursery school meals. By selecting menu items and ingredients by taking food waste into consideration, as well as the need to supply nutritionally balanced meals, the goal is to reduce waste of food per person.

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## **SERIO HOLDINGS CO., LTD.**

Dojima Grand Building 8F, 1-5-17 Dojima, Kita-ku, Osaka 530-0003

Tel: +81-6-6442-0500

<https://www.serio-holdings.co.jp/ir/>

E-mail: [info2@serio-corp.com](mailto:info2@serio-corp.com) (Corporate Planning Office)





# Appendix

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# About SERIO

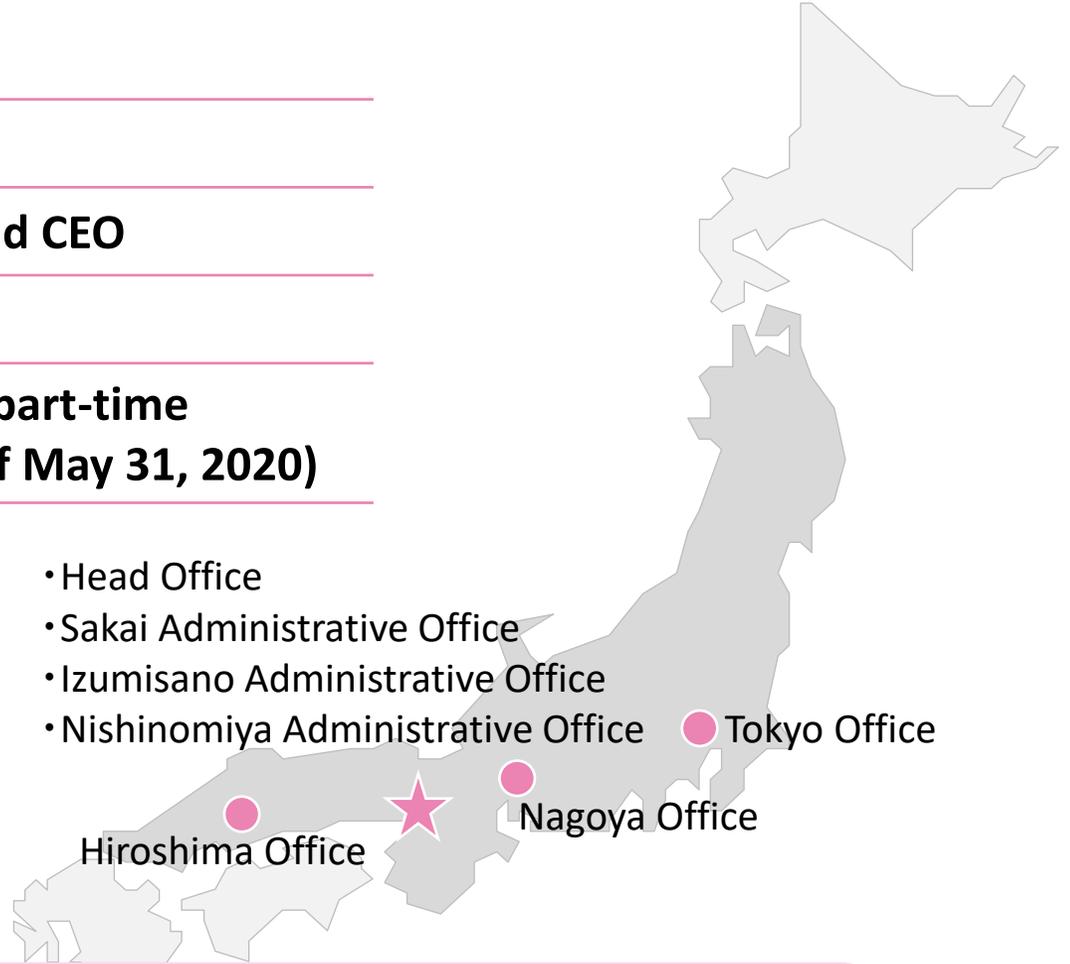


<b>Company name:</b>	<b>SERIO HOLDINGS CO., LTD.</b>
<b>Established:</b>	<b>June 1, 2016</b>
<b>Representative:</b>	<b>Hisashi Wakahama, President and CEO</b>
<b>Capital:</b>	<b>¥693 million</b>
<b>Employees:</b>	<b>644 full-time employees; 2,005 part-time workers (consolidated basis as of May 31, 2020)</b>
<b>Head office location:</b>	<b>Kita-ku, Osaka</b>

## Major group company

<b>Company name:</b>	<b>SERIO Co., Ltd.</b>
<b>Established:</b>	<b>June 24, 2005</b>

Listing: Tokyo Stock Exchange, Mothers (securities code: 6567)



SERIO means “serious” in Portuguese

# History

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2005	June	SERIO Co., Ltd. was established in Osaka with capital of ¥10 million <b>Started employment assistance business mainly for temporary staffing positions for married women raising children</b>
2010	March	<b>Started an after-school day-care business mainly for elementary school students</b>
2012	April	<b>Started a nursery school business for pre-school children</b>
2013	December	Started operating an after-school activity program for children for the Kita-ku and Yodogawa-ku in Osaka
2014	April	The company's first certified nursery school opened in Miyakojima-ku in Osaka
2016	June	Established SERIO HOLDINGS CO., LTD. with capital of ¥10 million and made SERIO Co., Ltd. a wholly owned subsidiary
2017	October	Launched the “sacaso” brand for the employment assistance business
2018	March	Listed on the Tokyo Stock Exchange, Mothers market
2020	November	Total of 168 facilities (133 after-school day-care facilities, 35 nursery schools)

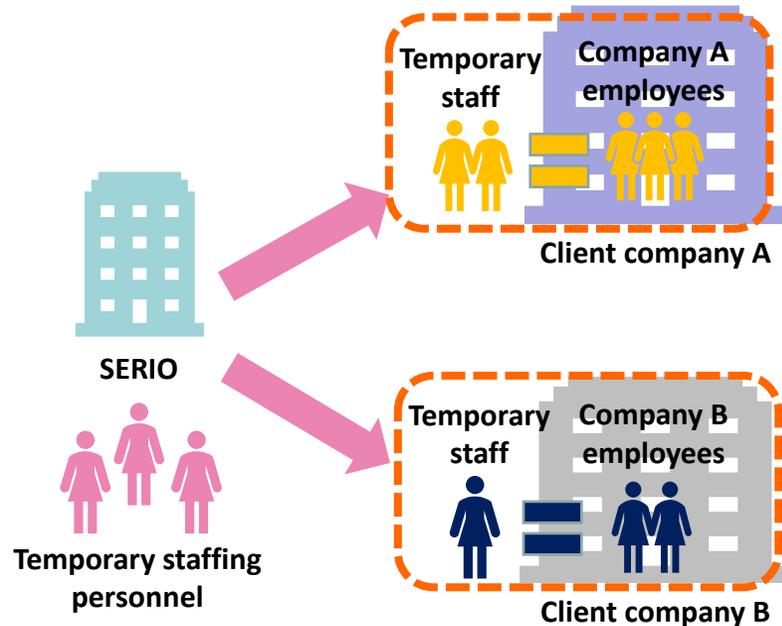


# Equal Pay for Equal Work

An amendment to Japan's Labor Dispatching Act that became effective on April 1, 2020 prohibits unreasonable differences in the treatment of full-time employees and temporary staffing personnel. SERIO uses the labor agreement method to simplify the use of its temporary staffing personnel at client companies. Rates have been raised following completion of calculations of associated expenses and other items.

## Temporary Staffing Balance/Equality Method

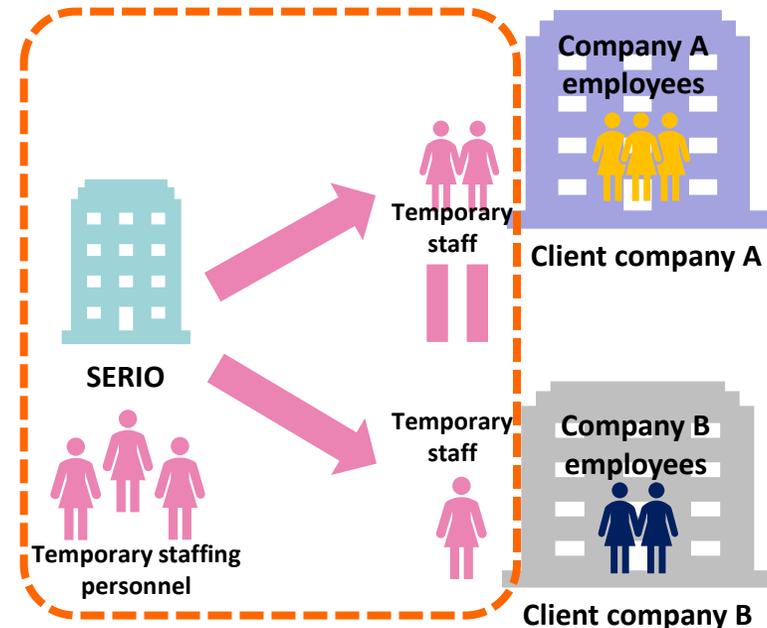
Determination of terms of employment for temporary staff based on balance/equality with normal terms of employment of the client company



## Method used by SERIO

### Labor Agreement Method

Determination of terms of employment for temporary staff based on a labor agreement that fulfills certain requirements of the temporary staffing services company



# Japan's Program for Free Care for Preschool Children

Japan started providing free preschool child care in October 2019 as outlined below due to the enactment of the amended Act on Child and Childcare Support. SERIO's nursery schools, as certified child care facilities, fall under the categories marked in red.

Free preschool child care is expected to increase the number of children in nursery schools over the next several years. (In April 2020, children at SERIO facilities were 77 more than planned.)

	Household	Facility	Explanation	Other	Fees	
Age 3-5	-	Kindergarten	Kindergarten eligible for the child care support program		Free	
			Kindergarten not eligible for this program		Free up to ¥25,700 per month	
				Extended-hours kindergarten	Free up to ¥11,300 per month	
			<b>Nursery school/certified child care facility</b>	Small, home-style care, corporate, others		<b>Free</b>
			Non-certified child care facility	Care of children with diseases, baby sitters, others		Free up to ¥37,000 per month
			Care of disabled children	Child development support, medical development support, others		Free
Age 0-2	Not taxed	<b>Nursery school/certified child care facility</b>	Small, home-style care, corporate, others		<b>Free</b>	
		Non-certified child care facility	Care of children with diseases, baby sitters, others		Free up to ¥42,000 per month	
	Taxed				Not eligible (free starting at age 3)	

- Non-certified nursery schools/extended-hours kindergartens: Free only when both spouses work or in other cases where child care is certified as necessary
- Not eligible: Parents and guardians pay for meals, special events, clothes and certain other items (with some exceptions depending on household circumstances)
- Some local governments have their own measures that make these child care services free.



# SERIO Group Activities Concerning the COVID-19 Crisis

✓ After-school child care personnel and child care workers were designated essential workers and continued to work during the state of emergency. Operations at these facilities continued while strictly following guidelines for preventing infections and while cooperating with local governments and other authorities.

## Examples of safety measures at SERIO nursery schools



- Increased the frequency of washing and disinfecting toys in accordance with the infection prevention manual.



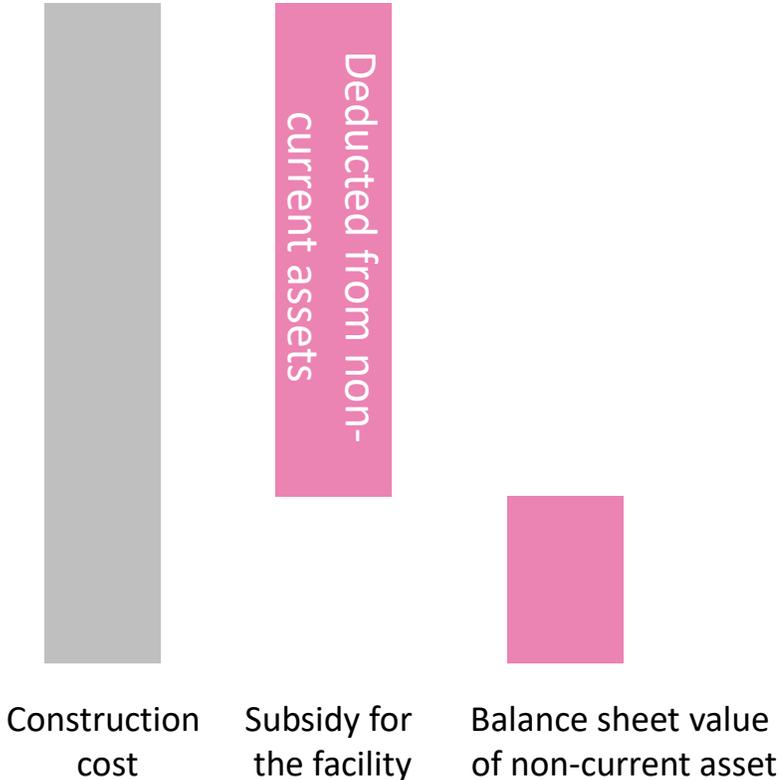
- Same handwashing method/time for everyone
- Disinfect forehead thermometer after each use



# Accounting Method for Nursery Schools (Direct Deduction)

Direct deduction method (Used by SERIO)

Subsidies associated with facilities are incorporated in the balance sheet



When not using the direct deduction method

Subsidies associated with facilities are incorporated in the income statement

