



August 23, 2021

Company name: SERIO HOLDINGS CO., LTD.
Representative: Hisashi Wakahama, President and CEO
Securities code: 6567 (Tokyo Stock Exchange, Mothers)
Inquiries: Koji Gotani, Director, General Manager,
Management Division
TEL: +81-6-6442-0500

(Corrections) Announcement of Partial Corrections to Results of Operations for the Fiscal Year Ended May 31, 2021

SERIO Holdings Co., Ltd. has made the following partial corrections to the Results of Operations for the Fiscal Year Ended May 31, 2021, which were announced on July 14, 2021. The corrected figures are shown below. Sections that have been corrected are underlined.

1. Reason for corrections

After the announcement of the Results of Operations for the Fiscal Year Ended May 31, 2021, SERIO Holdings found that some of the items in "Cash flows from operating activities" were included in "Cash flows from investing activities" in the Cash Flows for FY5/2021 section, and has corrected these items. For more information, please refer to the release titled "(Numerical and Other Corrections) Announcement of Partial Corrections to Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2021" announced today.

2. Explanation of corrections

Sections that have been corrected are underlined.

Page 8 of Cash Flows for FY5/2021

Before corrections

Cash Flows for FY5/2021

serio

(Millions of yen)

	FY5/2020	FY5/2021	Change	Reason for change
Cash flows from operating activities	258	<u>585</u>	<u>+327</u>	Higher profits
Cash flows from investing activities	(295)	<u>(265)</u>	<u>+30</u>	Purchase of property, plant and equipment (for opening nursery schools)
Cash flows from financing activities	307	<u>44</u>	<u>-262</u>	Repayments of borrowings
Cash and cash equivalents at end of period	1,531	<u>1,897</u>	<u>+365</u>	-
Free cash flows	(36)	<u>320</u>	<u>+357</u>	-

After corrections

Cash Flows for FY5/2021



(Millions of yen)

	FY5/2020	FY5/2021	Change	Reason for change
Cash flows from operating activities	258	483	<u>+225</u>	Higher profits
Cash flows from investing activities	(295)	(163)	<u>+132</u>	Purchase of property, plant and equipment (for opening nursery schools)
Cash flows from financing activities	307	44	-262	Repayments of borrowings
Cash and cash equivalents at end of period	1,531	1,897	+365	-
Free cash flows	(36)	320	+357	-

Results of Operations for the Fiscal Year Ended May 31, 2021



SERIO HOLDINGS CO., LTD.

Hisashi Wakahama, President and CEO

家族を笑顔に!



Contents



1. Corporate Profile
 2. Financial Results for FY5/2021
 3. Outlook for FY5/2022
 4. Shareholder Returns
 5. Business Climate
 6. Initiatives Other Than Financial Activities
- Reference Materials



Vision

A company that creates happiness for families

Mission



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)

• Sales and earnings increased to a record high for 5th consecutive year

Both sales and earnings achieved a record high in all segments. New locations opened 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. A big increase in earnings is mainly because of higher sales and lower personnel expenses in the after-school day care business due to the pandemic.

Net sales	¥8,218 million	(+18.3% YoY)
Gross profit	¥1,631 million	(+27.4% YoY)
Operating profit	¥337 million	(+147.1% YoY)
Ordinary profit	¥344 million	(+105.5% YoY)

Income Statement for FY5/2021

(Millions of yen)

	FY5/2021 Plan *Announced on Apr. 13, 2021	FY5/2021 Results	% to sales	YoY change	Progress rate vs. FY5/2021 plan announced on Apr. 13, 2021	FY5/2020	
						Results	% to sales
Net sales	8,200	8,218	100.0%	+18.3%	100.2%	6,948	100.0%
Employment assistance	2,588	2,585	31.5%	+16.4%	99.9%	2,220	32.0%
After-school day care	2,548	2,547	31.0%	+15.2%	99.9%	2,211	31.8%
Nursery schools	3,063	3,085	37.5%	+22.6%	100.7%	2,516	36.2%
Cost of sales	6,593	6,587	80.2%	+16.2%	99.9%	5,668	81.6%
Gross profit	1,606	1,631	19.8%	+27.4%	101.5%	1,279	18.4%
Selling, general and administrative expenses	1,287	1,293	15.7%	+13.2%	100.5%	1,143	16.5%
Operating profit	319	337	4.1%	+147.1%	105.6%	136	2.0%
Ordinary profit	320	344	4.2%	+105.5%	107.6%	167	2.4%
Profit attributable to owners of parent	208	223	2.7%	+121.3%	107.4%	101	1.5%

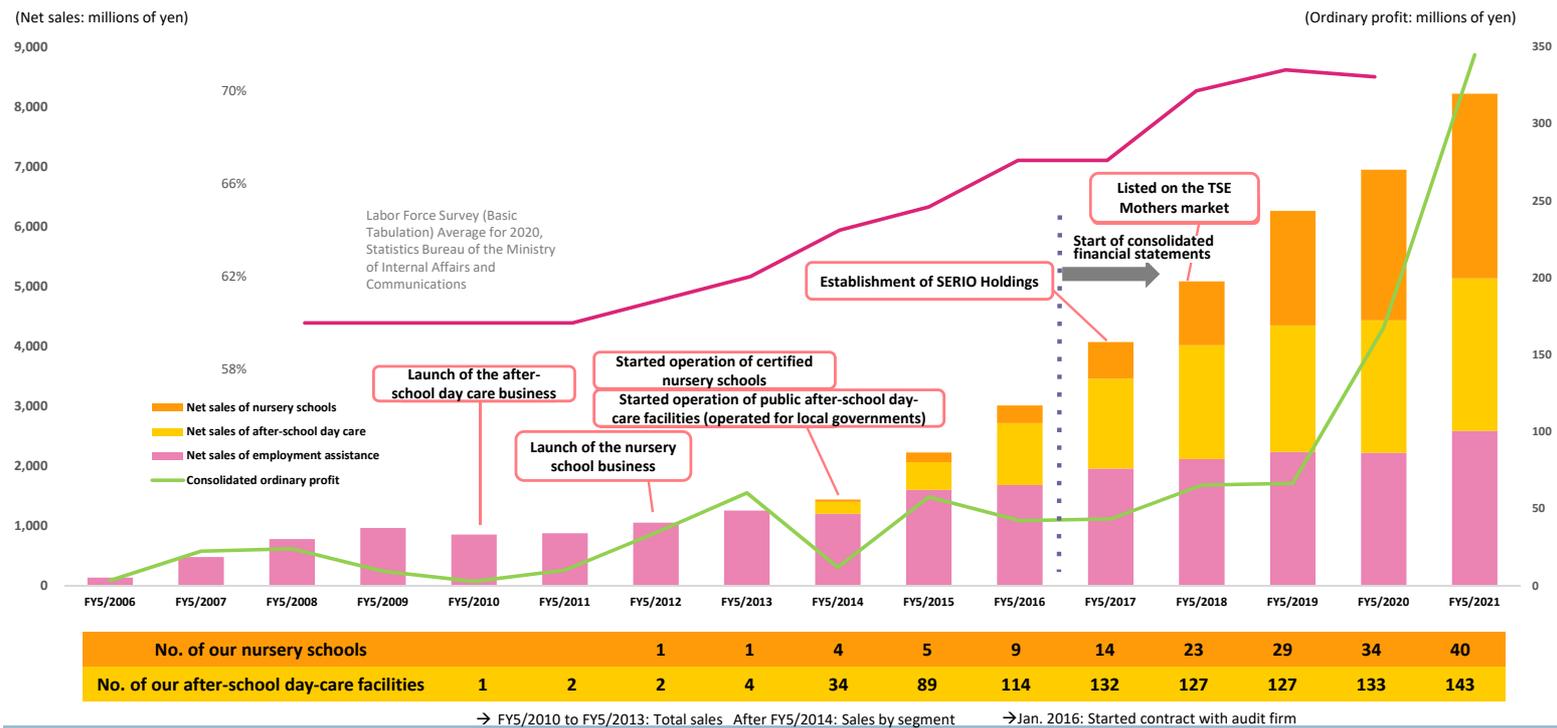
In FY5/2020, there was non-operating income of ¥33 million for employment adjustment subsidies and other subsidies associated with furloughs as elementary schools closed because of the pandemic.
*Furloughed personnel received their full salaries.

Balance Sheet for FY5/2021

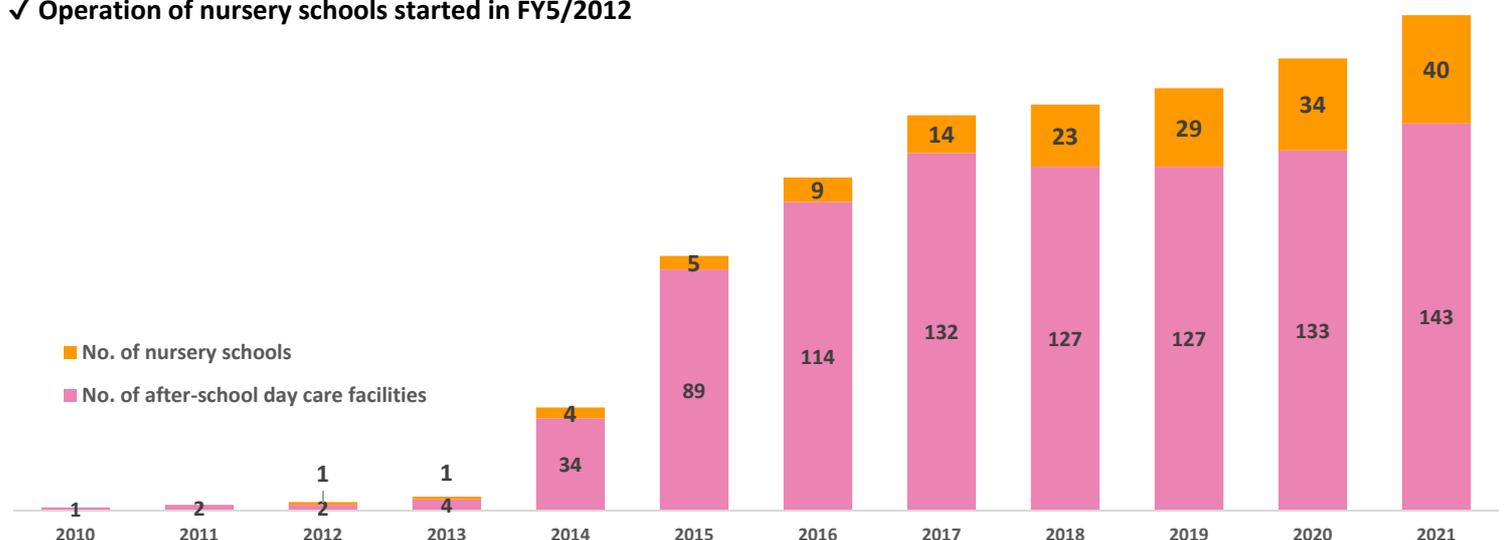
	As of May 31, 2020		As of May 31, 2021		Change	(Millions of yen)
	Amount	Comp.	Amount	Comp.		
Current assets	2,212	56.6%	2,579	57.4%	+367	
Cash and deposits	1,531	39.2%	1,897	42.2%	+365	
Non-current assets	1,692	43.3%	1,916	42.6%	+223	
Property, plant and equipment	1,230	31.5%	1,325	29.5%	+95	<div style="border: 1px solid black; padding: 5px;"> <p>✓ Property, plant and equipment Increase in non-current assets due to new nursery schools</p> </div>
Total assets	3,906	100.0%	4,495	100.0%	+588	
Current liabilities	1,264	32.4%	1,347	30.0%	+83	
Short-term borrowings	134	3.4%	-	-	-134	
Non-current liabilities	915	23.4%	1,216	27.1%	+300	
Long-term borrowings	692	17.7%	880	19.6%	+187	<div style="border: 1px solid black; padding: 5px;"> <p>✓ Borrowings Increase in loans involving existing nursery schools</p> </div>
Total liabilities	2,179	55.8%	2,563	57.0%	+384	
Net assets	1,727	44.2%	1,931	43.0%	+204	
Total liabilities and net assets	3,906	100.0%	4,495	100.0%	+588	

Cash Flows for FY5/2021

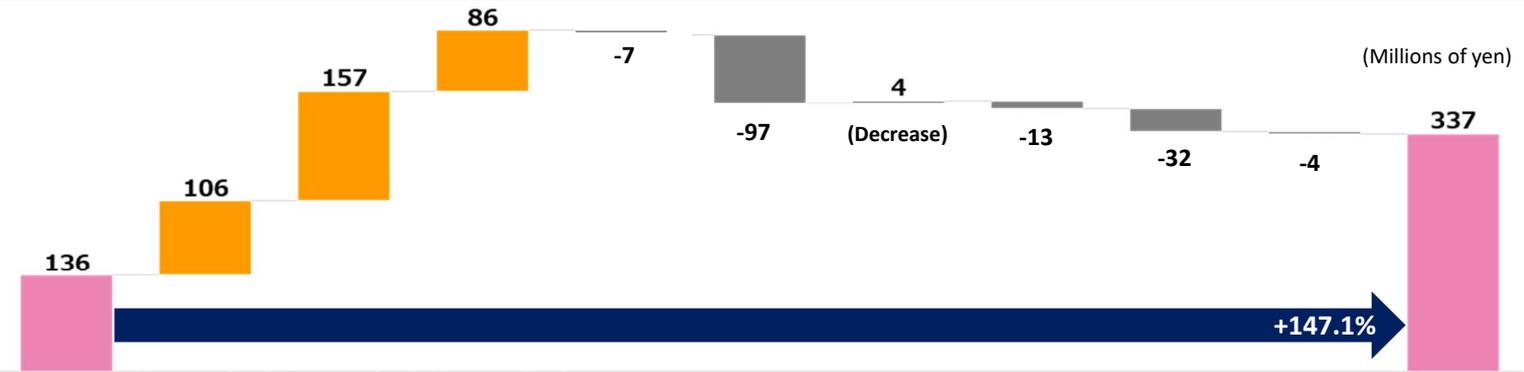
	FY5/2020	FY5/2021	Change	Reason for change	(Millions of yen)
Cash flows from operating activities	258	483	+225	Higher profits	
Cash flows from investing activities	(295)	(163)	+132	Purchase of property, plant and equipment (for opening nursery schools)	
Cash flows from financing activities	307	44	-262	Repayments of borrowings	
Cash and cash equivalents at end of period	1,531	1,897	+365	-	
Free cash flows	(36)	320	+357	-	



- ✓ As of the end of May 2021, 143 after-school day-care facilities and 40 nursery schools, a total of 183 locations, 16 more than one year earlier
- ✓ Operation of after-school day-care facilities started in FY5/2010
- ✓ Operation of nursery schools started in FY5/2012

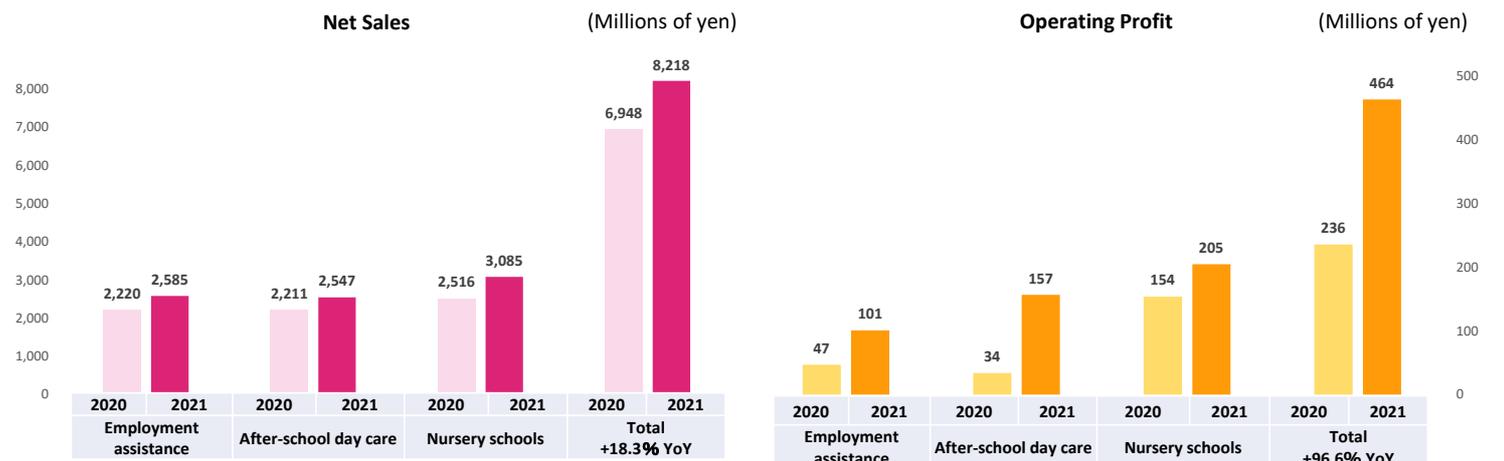


Analysis of Year-on-Year Change in Operating Profit



FY5/2020	Gross profit of employment assistance	Gross profit of after-school day care	Gross profit of nursery schools	Recruiting expenses	Personnel expenses	Rent expenses	Taxes and dues	Commission expenses	Other expenses	FY5/2021
Segment	YoY change	Gross profit			Segment	YoY change	SG&A expenses			
Employment assistance	+106	Sales growth, service rate revisions, higher subcontracting business productivity			Recruiting expenses	-7	Start of a certified child care worker placement service in the employment assistance business raised expenses. Number of locations in existing operations increased but expenses were unchanged from one year earlier.			
After-school day care	+157	Higher earnings due to sales growth as more facilities were added and lower personnel expenses because of a shorter summer vacation and decline in the average number of children using facilities caused by the pandemic			Personnel expenses	-97	Reflects 13% increase in the workforce and bonuses linked to earnings			
Nursery schools	+86	Higher earnings due to sales growth resulting from more nursery schools and more children at existing schools. Slower growth rate due to new business expenses (SERIO Garden) and COVID-19 support payments to full-time employees.			Rent expenses	+4 (Decrease)	Used the free address workspace format to consolidate the Tokyo office at a single location			
					Commission expenses	-32	Child care worker employment websites, human resource management systems, others			

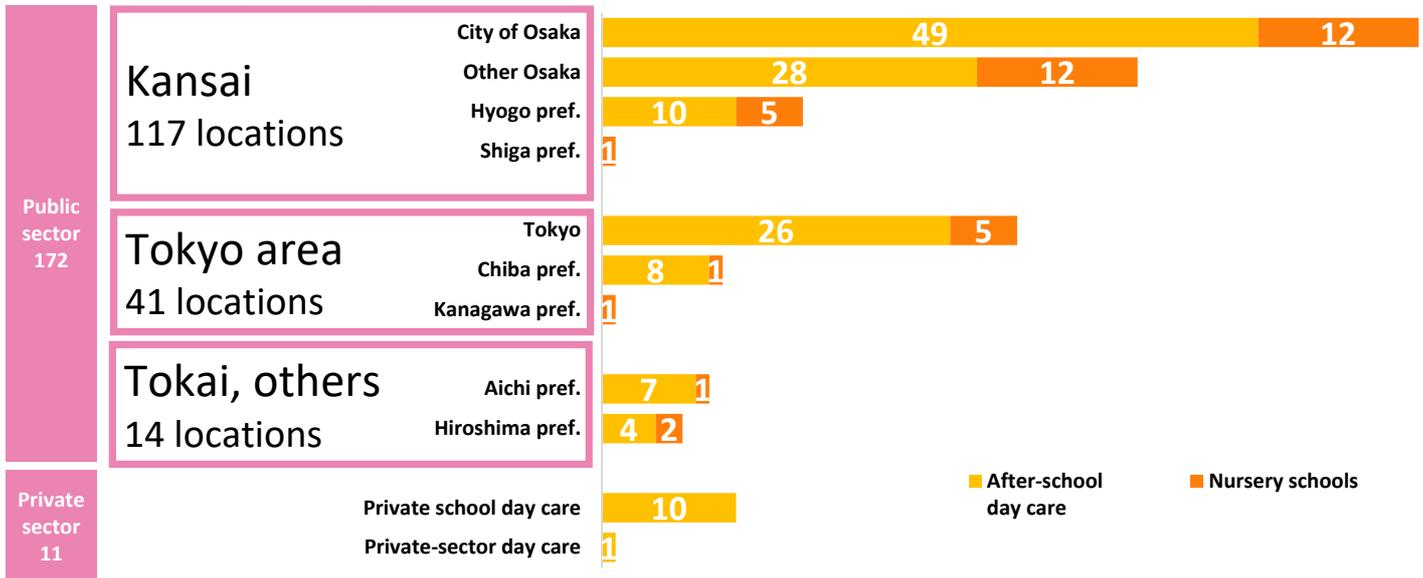
Segment Sales and Operating Profit



Segment	Net sales	Operating profit
Employment assistance	↑ More breadth of subcontracting operations, new high-volume contracts, service rate revisions	↑ Earnings benefited from sales growth, higher subcontracting business productivity and higher efficiency of administrative operations
After-school day care	↑ Net increase of 10 locations: 13 new locations and 3 contracts completed at end of March 2021 (New locations opened in April 2021, contributing only 2 months of sales)	↑ Earnings benefited from sales growth, lower personnel expenses due to a shorter summer vacation and operating hours caused by the pandemic, a decline in hiring short-term personnel, and a decline in personnel expenses due to a decline in the average number of children
Nursery schools	↑ More children at new locations, extensive actions throughout the year to increase children at existing locations	↑ Earnings benefited from sales growth but the growth rate was slower because of expenses for the new SERIO Garden business

There were 183 locations at the end of May 2021, including 172 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.



ESG

COVID-19 pandemic support payments for all people employed between January and March 2021

Extra paid time off when receiving a COVID-19 vaccine

Support payments to employees during the second state of emergency

Eligibility: All full-time, part-time and temporary staffing personnel

Support for vaccine side effects on the vaccine day or following day

Eligibility: Full-time, part-time and temporary staffing personnel who work at least five days every week

- ✓ **Employment assistance:** New orders are steady; 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:** Parents are delaying returning to work due to COVID-19 and extending child care leave; weakness in new April 2021 enrollments of age 0 to 1 year.

	FY5/2021			Expected FY5/2022 risk factors State of emergency restrictions
	Market conditions	Results of operations	Impact	
Overall	<ul style="list-style-type: none"> Online sales and business meetings and recruiting, training and other activities 	<ul style="list-style-type: none"> Decrease in transportation, business travel and other expenses Integration of Tokyo office, use of free address work space 	<p>¥8 million reduction in FY Tokyo office rent</p>	<p>Not expected because of progress with vaccinations</p>
Employment assistance	<ul style="list-style-type: none"> Fewer companies are still reducing working hours for temporary staffing personnel More companies are reexamining their personnel expenses 	<ul style="list-style-type: none"> Negative impact on sales from client companies ranging from only 1Q to the entire FY Cut recruiting expenses by increasing the internet registration ratio (94%) Increases in new customers and existing business sectors at businesses and companies where employment assistance needs are high during the pandemic 	<p>Growth of business with current customers and business from new customers were much higher than initially expected</p>	
After-school day care	<ul style="list-style-type: none"> Shorter summer vacation to secure sufficient time for classes → Decline in all-day operations Fewer children, probably due to concerns about COVID-19 	<p>Lower sales due to shorter operating hours. No additions of short-term workers for summer vacation, using only current personnel → reduced personnel and recruiting expenses</p>	<p>Fiscal year sales reduction of ¥40 million Fiscal year personnel expense reduction of ¥82 million</p>	
Nursery schools	<ul style="list-style-type: none"> Various events were reduced or canceled to place priority on preventing COVID-19 infections Parents are postponing the return to work and extending child care leave, resulting in smaller than usual number of enrollments in April 	<p>Asked parents for sibling home care cooperation due to elementary school closings in June.</p>	<p>Only a minor impact for FY5/2021</p>	

- ✓ **After-school day care:** Sales and personnel expenses down in FY5/2021 as the number of children decreased. Shorter operation during summer vacation (July-Aug. 2020) also reduced personnel expenses
- ✓ **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
Business structure	<ul style="list-style-type: none"> Annual contracts from local governments to operate these facilities 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) 	<p>Operating subsidies received from local governments are based on the number of registered children in every month</p>



- ✓ Forecast higher sales and lower earnings
- ✓ The impact of the pandemic is expected to be minor in all businesses
- ✓ Major factors: Big earnings increase from prior year in after-school day care in FY5/2021 as the pandemic reduced personnel expenses, but expect the operating environment to return to normal in FY5/2022
- ✓ Will continue investments for new businesses, people, ICT and other activities for consistent growth

(Millions of yen)

	FY5/2022 Plan	% to sales	YoY change	FY5/2021 Results
Net sales	9,000	100.0%	+9.5%	8,218
Cost of sales	7,258	80.6%	+10.2%	6,587
Gross profit	1,742	19.4%	+6.8%	1,631
Selling, general and administrative expenses	1,467	16.3%	+13.4%	1,293
Operating profit	275	3.1%	-18.5%	337
Ordinary profit	270	3.0%	-21.7%	344
Profit attributable to owners of parent	175	2.0%	-21.5%	223

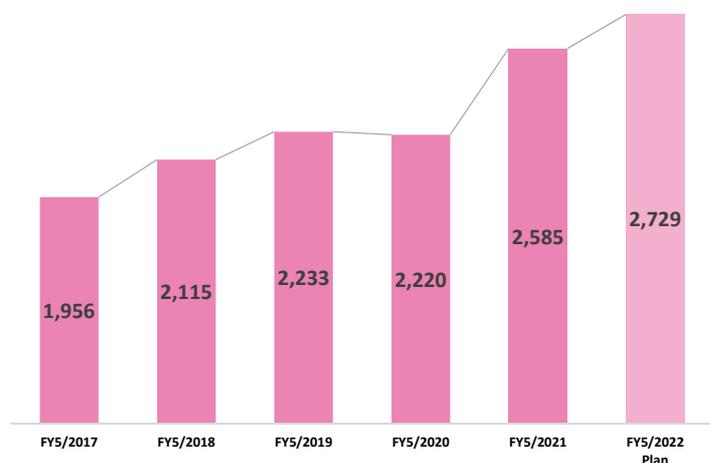
- ✓ Anticipate higher sales in all segments
- ✓ After-school day care: Expect sales contribution from 10 schools opened in FY5/2021
- ✓ Nursery schools: Forecast sales contribution from 6 schools opened in FY5/2021 and from more children at existing schools

(Millions of yen)

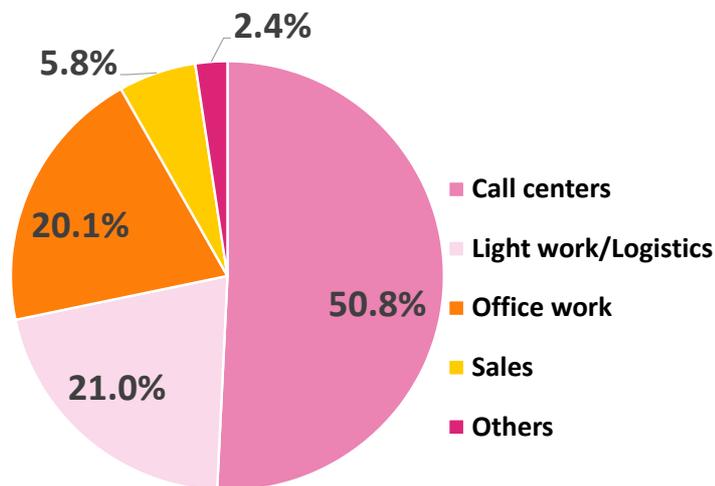
	FY5/2022 Plan	FY5/2021 Results	YoY change
Employment assistance	2,729	2,585	+5.5%
After-school day care	2,848	2,547	+11.8%
Nursery schools	3,423	3,085	+10.9%
Total	9,000	8,218	+9.5%

- ✓ Planning on record-high sales in FY5/2022
- ✓ 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)

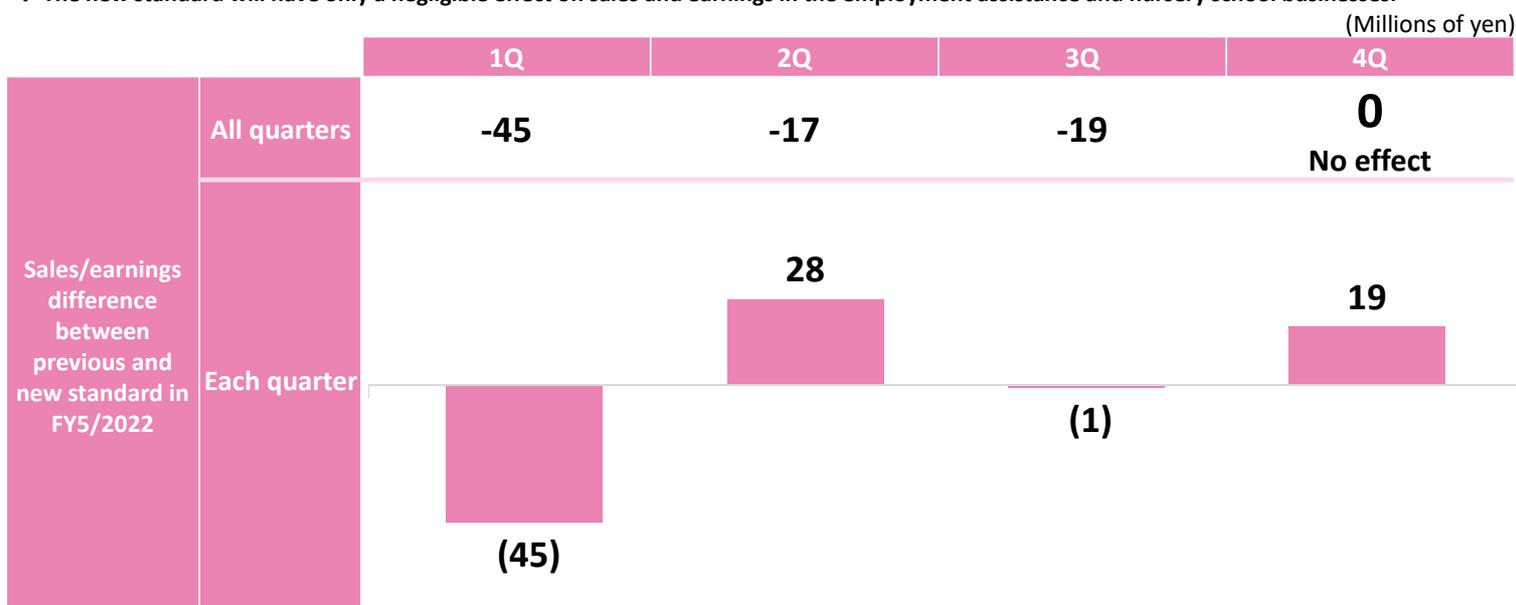


Sales Composition in FY5/2021

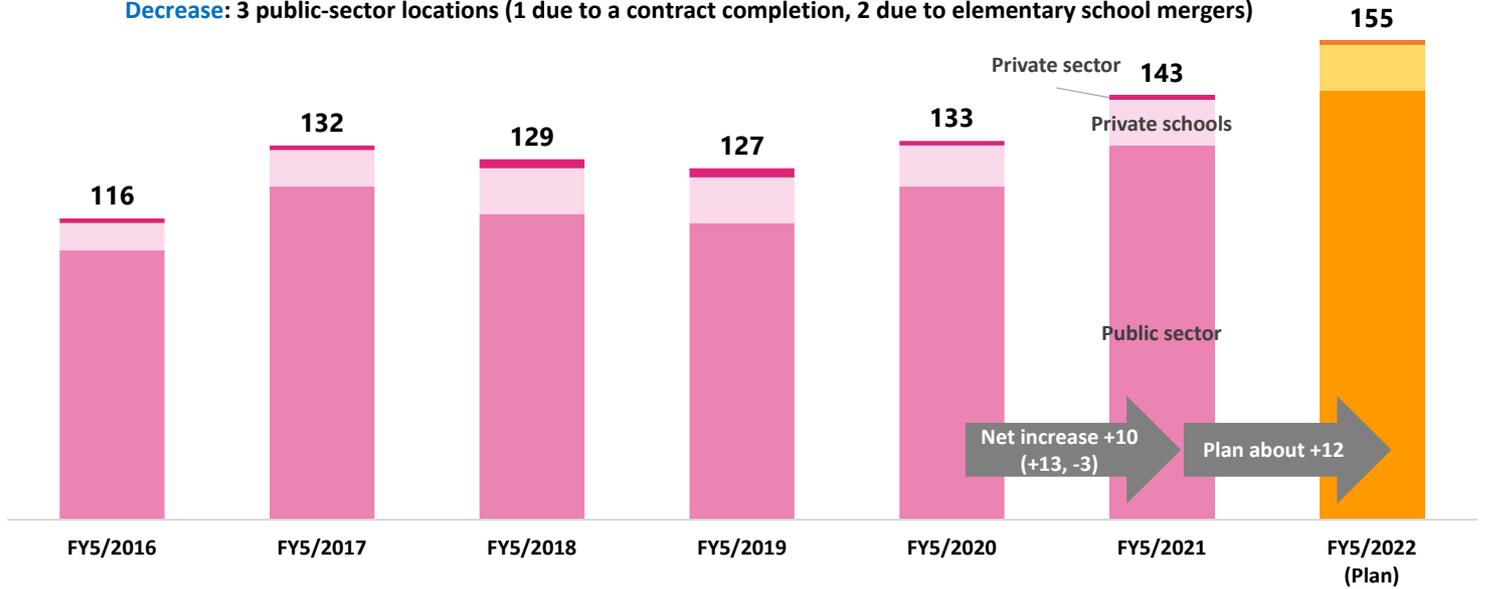


Effect of New Sales Recognition Standard (After-School Day Care)

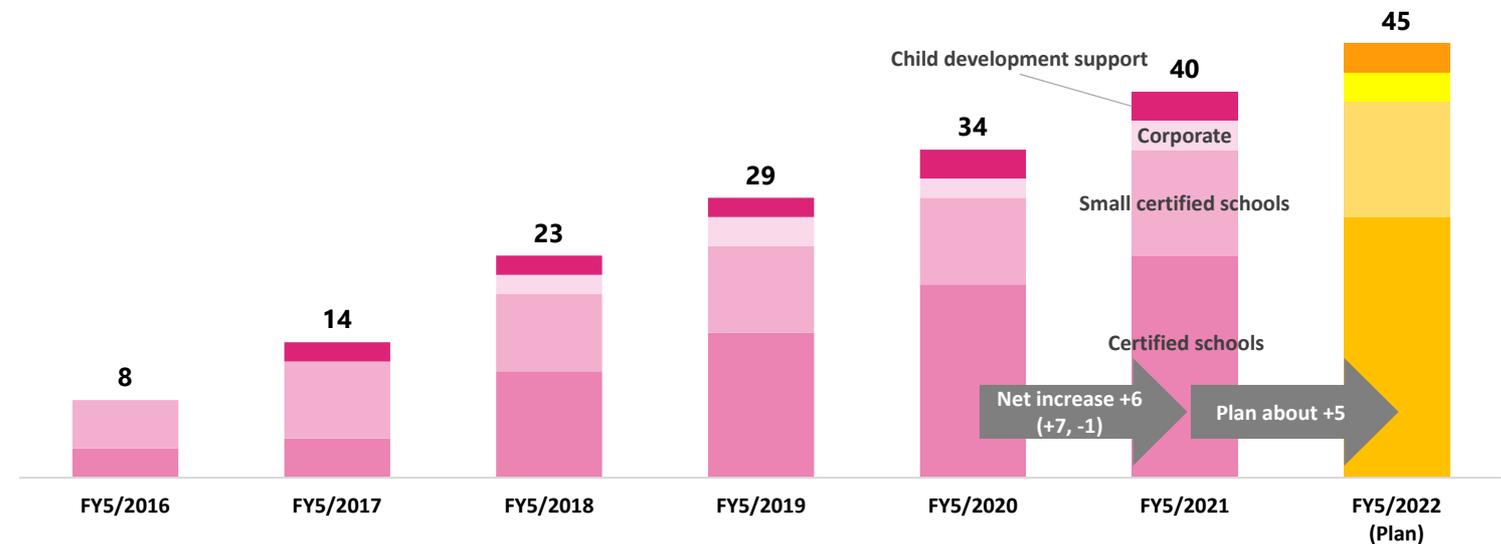
- ✓ Beginning in FY5/2022, after-school day care sales is recognized when invoices are sent to local governments. Previously, sales recognition was based on recognition of the corresponding cost of sales. This change affects the quarterly progress of sales and earnings during the fiscal year.
- ✓ Although this new standard will not change fiscal year sales and earnings, the effect on quarterly figures is expected to be as shown below.
- ✓ The new standard will have only a negligible effect on sales and earnings in the employment assistance and nursery school businesses.



- ✓ Plan to add about 12 after-school day-care locations during FY5/2022
- ✓ There were 143 locations at the end of May 2021 (an all-time high)
- ✓ FY 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)

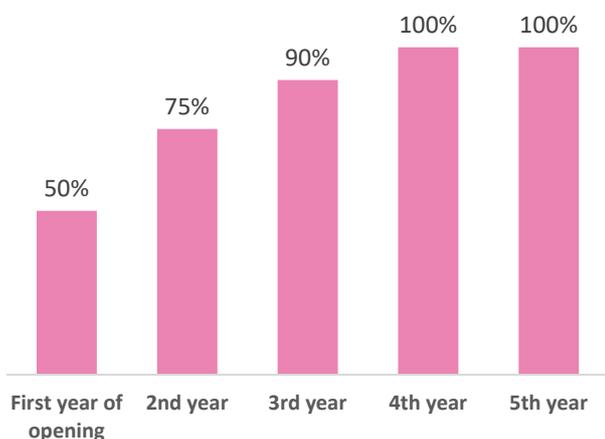


- ✓ Plan to add about 5 nursery schools during FY5/2022
- ✓ There were 40 nursery schools at the end of May 2021
- ✓ FY Increase: 7 new schools (3 certified, 2 small certified, 1 corporate, 1 community child development support facility)
 Decrease: 1 corporate school due to a contract completion

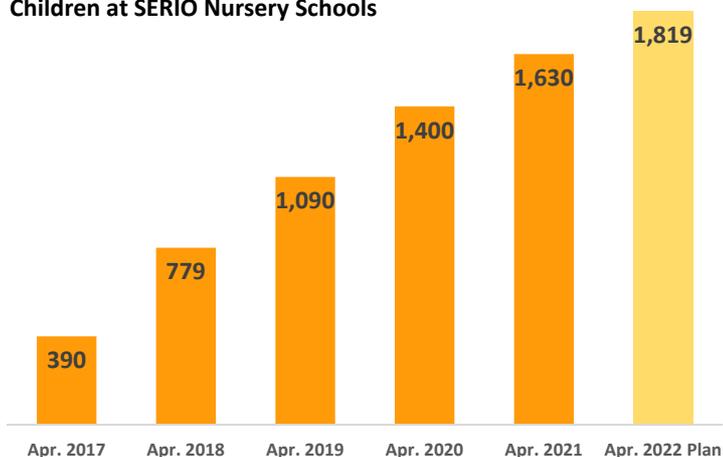


- ✓ The number of new age 0 to 1 children in April 2021 was below the usual level, probably because more parents delayed returning to work and extended child care leave.
- ✓ More instructors to prepare for an increase in the number of children during the fiscal year; continuing to monitor the monthly number of children as the KPI
- ✓ Normally, mainly ages 0 to 2 at new nursery schools = Capacity use rises steadily every year
- ✓ Sales are proportional to the number of children

Model for Increasing Capacity Utilization

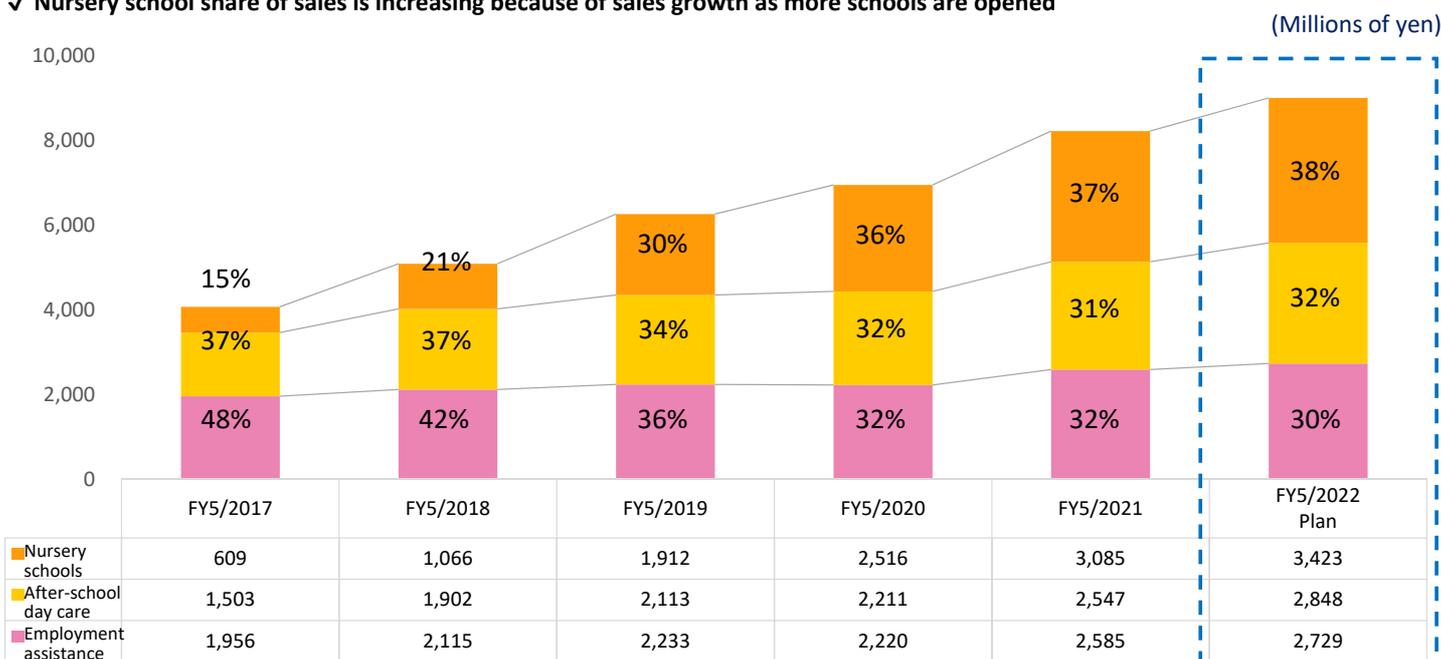


Children at SERIO Nursery Schools

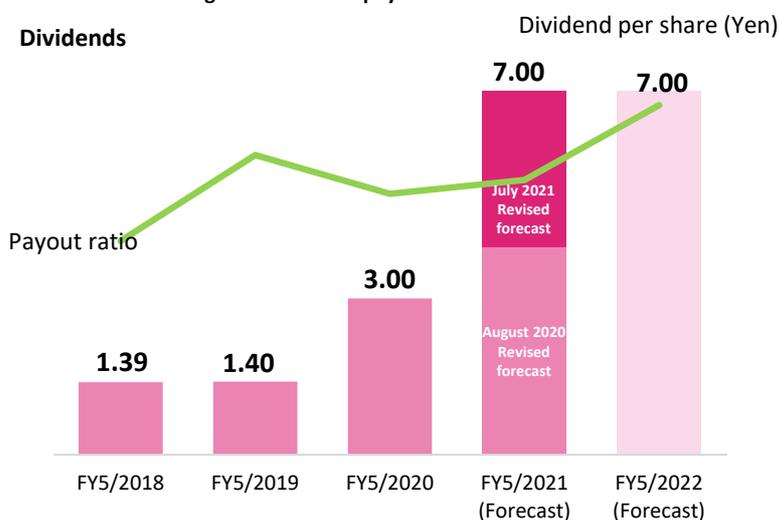


Segment Sales Growth and Composition

- ✓ Planning on record-high sales in all segments in FY5/2022
- ✓ Nursery school share of sales is increasing because of sales growth as more schools are opened



- ✓ Raised the FY5/2021 dividend forecast from ¥4 announced in Aug. 2020 by ¥3 to ¥7 per share
- ✓ 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
- ✓ Forecast higher sales but lower earnings in FY5/2022, but plan to pay the same dividend as FY5/2021 of ¥7 per share in accordance with the basic policy of consistent and stable dividends
- ✓ The current target is a dividend payout ratio of 20%



	Dividend per share (Yen)	Payout ratio
FY5/2018	1.39	15.4%
FY5/2019	1.40	21.6%
FY5/2020	3.00	18.8%
FY5/2021 (Forecast)	7.00	19.8%
FY5/2022 (Forecast)	7.00	25.2%

* 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.

Japan is aiming for female labor force participation of 82% by 2025 (was 70.6% in 2020*), 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
	New goal			
	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 2020, Statistics Bureau of the Ministry of Internal Affairs and Communications

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	Society	Governance
<ul style="list-style-type: none"> ● 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 ● Greenery service for nursery schools, kindergartens and other locations 	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	<ul style="list-style-type: none"> ● Three outside directors (37.5%) ● One female director (12.5%) ● Risk Management Committee ● Compliance Committee ● Internal reporting system (hotline) ● Compliance training activities ● Women are 68.3% of managers*2
	Empowerment of women More welfare programs for child care	
	People with disabilities Started operation of “tiku tiku” *1 ★NEW	
	Health and wellness Female medical check-ups at no cost No smoking program	

*1 Fabricates hand-made toys for use at nursery schools

*2 FY5/2021

Our vision for SERIO in 2030!

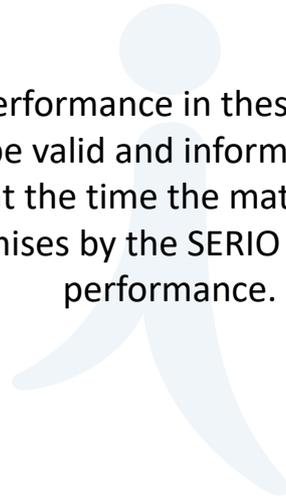
A company that creates happiness for families accompanied by the consistent growth of corporate value

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

4 QUALITY EDUCATION 	after-school day-care facilities teach children about the SDGs by using original textbooks that include the 17 goals. This program makes children think about these goals and what they can do to help achieve them.	5 GENDER EQUALITY 	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.
8 DECENT WORK AND ECONOMIC GROWTH 	Support for creating rewarding employment opportunities for people of all ages and the provision of workplaces. Program that assists people earn child care worker certification helps reduce the shortage of these workers in Japan.	8 DECENT WORK AND ECONOMIC GROWTH 	SERIO started operating “tiku tiku” for the fabrication of hand-made toys used at SERIO nursery schools. This operation provides jobs for people with developmental disabilities and helps reduce the amount of work required by child care workers at nursery schools. ★NEW
8 DECENT WORK AND ECONOMIC GROWTH 	Working with Kao Customer Marketing Co., Ltd. to supply disposable diapers at a fixed price. This reduces the need for parents to provide diapers when children go to a nursery school and the level of oversight activities required by nursery school personnel. ★NEW	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	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.
15 LIFE ON LAND 	13 CLIMATE ACTION 	SERIO Garden started providing grass-covered areas at nursery schools, kindergartens and other schools. More grass is good for the environment by retaining moisture to reduce the urban heat island effect. ★NEW	



Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the SERIO Holding's management at the time the materials were prepared. These materials are not promises by the SERIO Holdings regarding future performance.



Appendix

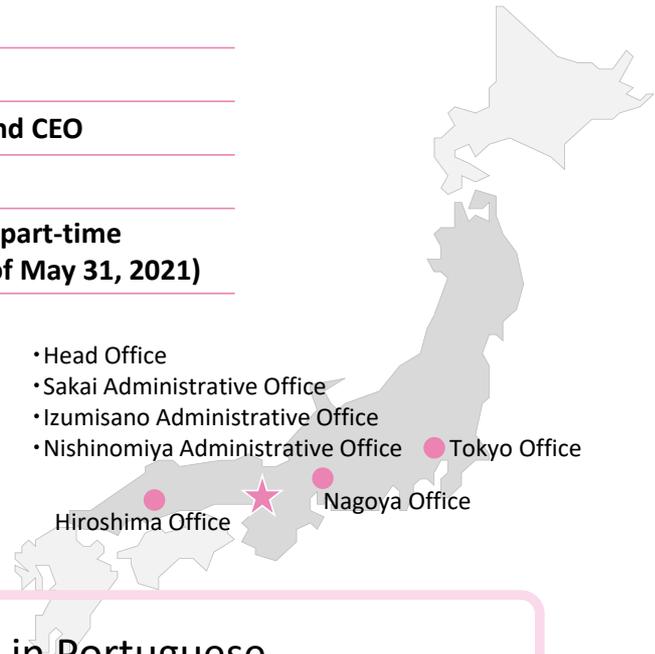


Company name:	SERIO HOLDINGS CO., LTD.
Established:	June 1, 2016
Representative:	Hisashi Wakahama, President and CEO
Capital:	¥693 million
Employees:	732 full-time employees; 2,132 part-time workers (consolidated basis as of May 31, 2021)
Head office location:	Kita-ku, Osaka

Major group company

Company name:	SERIO Co., Ltd.
Established:	June 24, 2005

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



SERIO means “serious” in Portuguese

2005	June	SERIO Co., Ltd. was established in Osaka with capital of ¥10 million Started employment assistance business mainly for temporary staffing positions for married women raising children
2010	March	Started an after-school day-care business mainly for elementary school students
2012	April	Started a nursery school business for pre-school children
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	December	Subsidiary Cuore Co., Ltd. was renamed SERIO Garden and started a greenery business in January 2021
2021	April	Total of 183 facilities (143 after-school day-care facilities, 40 nursery schools)

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



More than 40,000 nursery schools and kindergartens in Japan

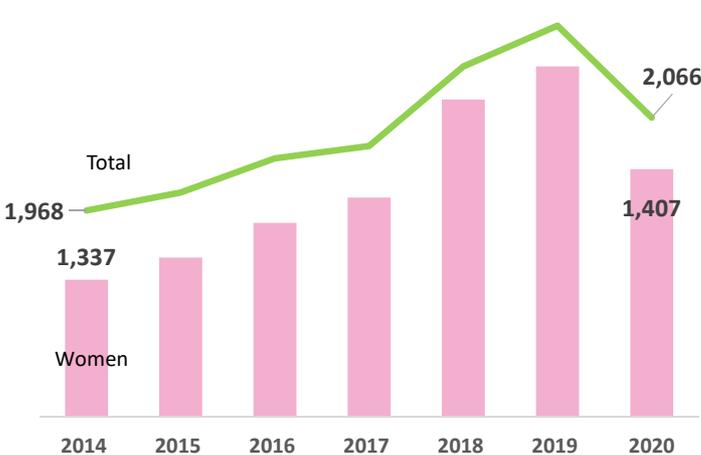
Grass-covered areas help protect children from heat stroke and injury



Business Climate for Employment Assistance

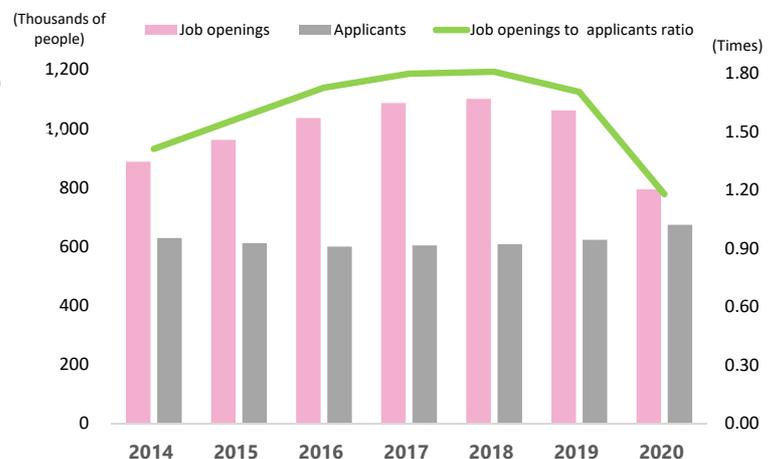
The number of people in Japan working in other than full-time jobs increased until 2019 but declined in 2020 because of COVID-19. The number of job openings is down, mainly in the service sector, as the number of job seekers increases. This is creating a favorable environment for recruiting people for temporary staffing assignments.

Number of people working in other than full-time jobs (10,000 people)



2020 Labor Force Survey, Ministry of Health, Labour and Welfare

Part-time Job Openings and Applicants

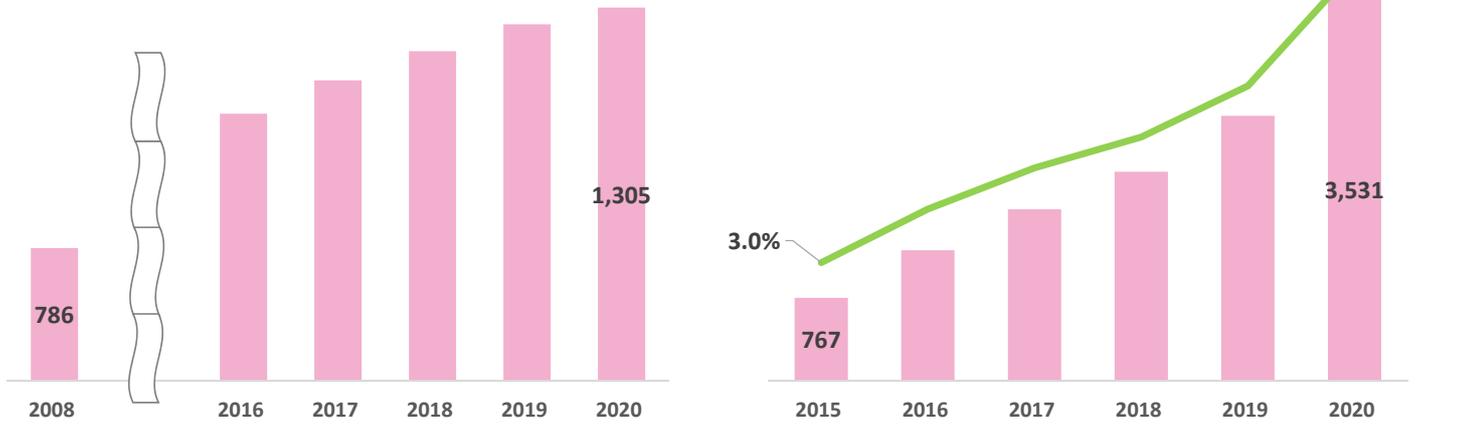


Employment Referrals for General Workers, Actual Data (Part-time), Ministry of Health, Labour and Welfare

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

Children in After-school Day Care (1,000 people)

Number and Pct. of Facilities Operated by Private-sector Companies

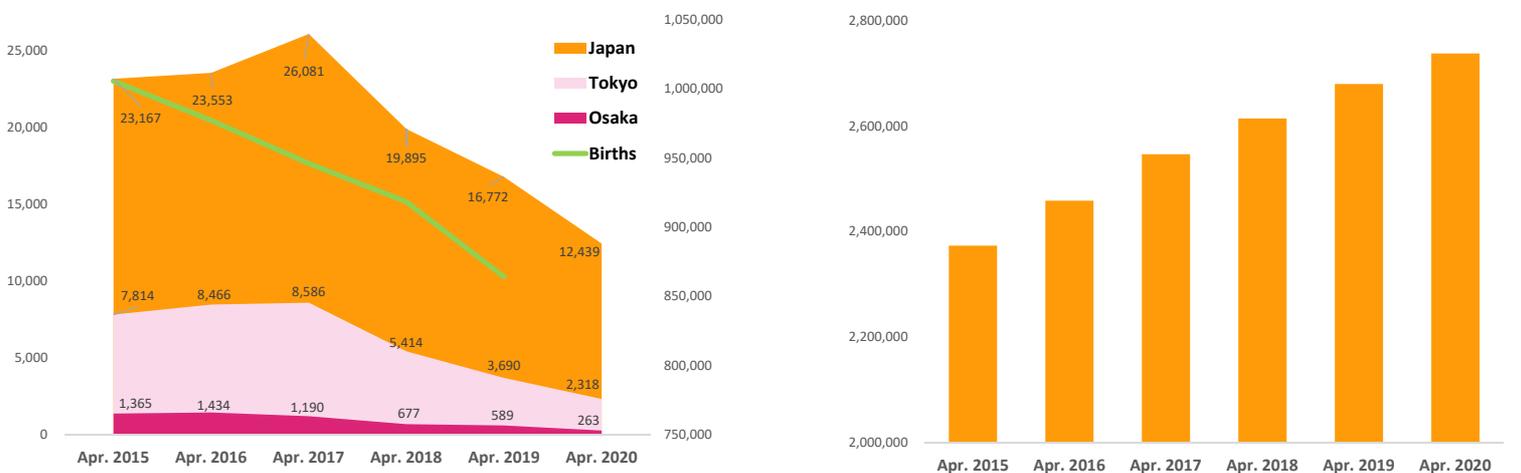


Ministry of Health, Labour and Welfare documents and After-school Day-care Facility Survey (2014 to 2020) of the Japan After-school Day-care Liaison Association

The nursery school market is expected to shrink 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.

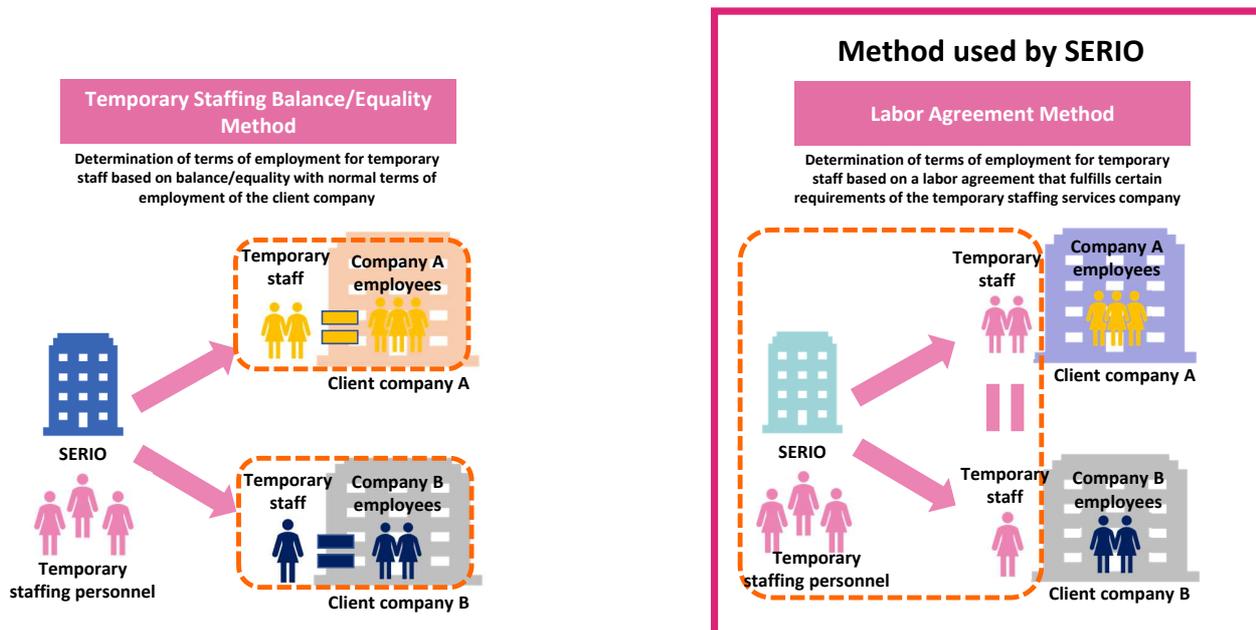
Children Waiting for an Opening/Number of Births

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

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.



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
		Nursery school/certified child care facility	Small, home-style care, corporate, others	Free	
		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	Nursery school/certified child care facility	Small, home-style care, corporate, others	Free	
		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 child care facilities/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.

✓ 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.

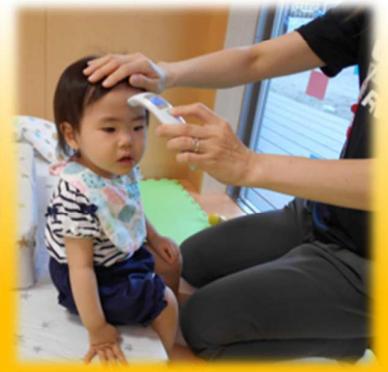
Examples of safety measures at SERIO nursery schools



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



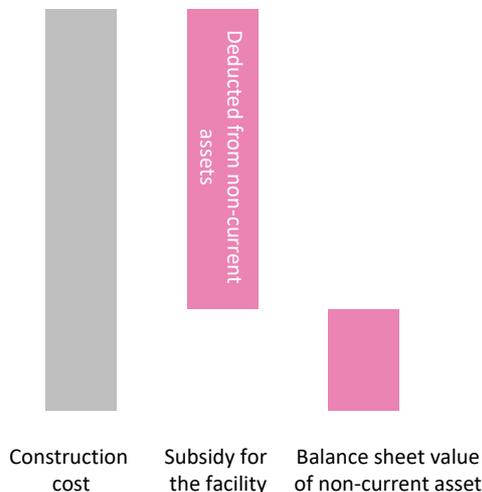
- Same handwashing method/time for everyone
- Disinfect forehead thermometer after each use



Accounting Method for Nursery Schools (Direct Deduction)

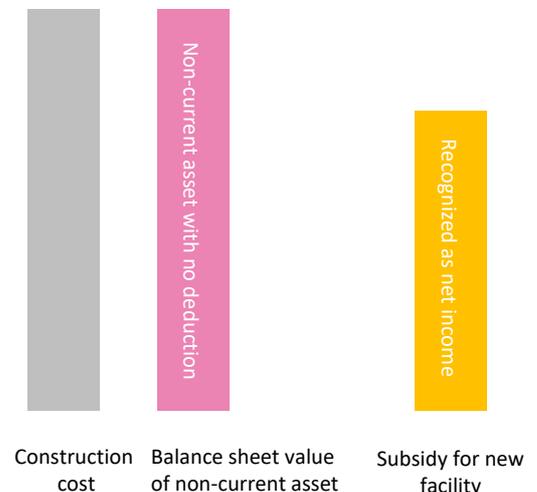
Direct deduction method (Used by SERIO)

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





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 (Corporate Planning Office)