



January 13, 2022

**Summary of Consolidated Financial Results  
for the Second Quarter of the Fiscal Year Ending May 31, 2022  
(Six Months Ended November 30, 2021)**

[Japanese GAAP]

Company name: SERIO HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange, Mothers  
 Securities code: 6567 URL: <https://www.serio-holdings.co.jp/>  
 Representative: Hisashi Wakahama, President and CEO  
 Contact: Koji Gotani, Director, General Manager,  
 Management Division and Human Resources & General Affairs Division Tel: +81-6-6442-0500  
 Scheduled date of filing of Quarterly Report: January 13, 2022  
 Scheduled date of dividend payment: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

*(All amounts are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending May 31, 2022  
(June 1, 2021 – November 30, 2021)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Nov. 30, 2021	4,479	10.4	131	(42.4)	131	(43.2)	85	(42.4)
Six months ended Nov. 30, 2020	4,057	17.7	227	352.5	231	363.8	149	345.3

Note: Comprehensive income Six months ended Nov. 30, 2021: 85 million yen (down 42.4%)  
 Six months ended Nov. 30, 2020: 149 million yen (up 345.3%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Nov. 30, 2021	13.61	-
Six months ended Nov. 30, 2020	23.58	-

Notes: 1. SERIO Holdings conducted a two-for-one common stock split on October 1, 2020. Earnings per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted earnings per share are not shown because there were no dilutive common stock equivalents.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	%	Million yen	%	Million yen	%
As of Nov. 30, 2021	4,399	44.9	1,974	44.9		
As of May 31, 2021	4,495	43.0	1,931	43.0		

Reference: Shareholders' equity As of Nov. 30, 2021: 1,974 million yen As of May 31, 2021: 1,931 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2021	-	0.00	-	7.00	7.00
Fiscal year ending May 31, 2022	-	0.00	-	-	-
Fiscal year ending May 31, 2022 (forecast)	-	-	-	7.00	7.00

Note: Revision to the most recently announced dividend forecast: None

Note: SERIO Holdings conducted a two-for-one common stock split on October 1, 2020. The dividend per share for the fiscal year ended May 31, 2021 is the amount paid after the common stock split.

**3. Consolidated Forecast for the Fiscal Year Ending May 31, 2022 (June 1, 2021 – May 31, 2022)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,000	9.5	275	(18.5)	270	(21.7)	175	(21.5)	27.80

Note: Revision to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes  |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

Note: Please refer to page 10 “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” for details.

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Nov. 30, 2021	6,329,400 shares	As of May 31, 2021:	6,329,400 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2021:	8,627 shares	As of May 31, 2021:	- shares
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3) Average number of shares during the period

Six months ended Nov. 30, 2021:	6,312,572 shares	Six months ended Nov. 30, 2020:	6,329,400 shares
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Note: SERIO Holdings conducted a two-for-one common stock split on October 1, 2020. The number of issued shares (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

\* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts and other special items

Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the SERIO Holdings management at the time the materials were prepared, but are not promises by SERIO Holdings regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed today (January 13, 2022), using the Timely Disclosure network (TDnet). SERIO Holdings plans to hold a web conference information meeting for institutional investors and analysts on January 19, 2022. Materials to be distributed at this event will be posted on the SERIO Holdings website on January 18, 2022.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of the SERIO Holdings Group (SERIO Holdings and its consolidated subsidiaries) as of November 30, 2021.

SERIO Holdings has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. As a result, prior-year comparisons are based on figures in the previous fiscal year that use different accounting standards. More information is in “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies.”

### (1) Explanation of Results of Operations

In the first half of the current fiscal year (June 1 to November 30, 2021), there were several states of emergency in Japan because of the COVID-19 pandemic. Due to this crisis, the outlook for the business climate of the SERIO Holdings Group remained uncertain.

There is no significant negative impact of the pandemic on the employment assistance business in part because of consistent demand at companies involving workforce flexibility. Although operations were suspended from time to time in the after-school day-care and nursery school businesses because of the pandemic, operations began to return to normal in October following the end of states of emergency. We continued to operate after-school day-care facilities and nursery schools while taking actions to prevent infections in order to meet the child care needs of working parents and guardians. In December 2020, the Japanese government announced a New Child-raising Confidence Plan that has the goal of establishing an infrastructure of nursery schools for approximately 140,000 children by the end of 2024. Demand for child care is increasing because of the rising percentage of women in the workforce and demand is expected to continue to climb.

During the first half, we continued to take actions aimed at creating jobs in order to provide an even larger number of people with opportunities to work while caring for children. We also continued to strengthen the administrative infrastructures of the after-school day-care and nursery school businesses to accommodate the growth of these two operations.

Sales increased because of the contribution to sales of after-school day-care facilities and nursery schools that opened in April 2021. The application of the new revenue recognition standard raised sales by 22 million yen. Operating profit decreased mainly because of higher personnel expenses than in the first half of the previous fiscal year when operating hours of after-school day-care facilities were reduced significantly and the number of nursery school children decreased because of the pandemic. The application of the new revenue recognition standard raised operating profit by 26 million yen.

As a result, net sales for the first half increased 10.4% year on year to 4,479 million yen. Operating profit was 131 million yen, down 42.4% and ordinary profit was 131 million yen, a decrease of 43.2%. Profit attributable to owners of parent decreased 42.4% to 85 million yen.

Business segment performance was as follows.

#### 1) Employment assistance

As a company dedicated to enabling people to continue working while caring for a family, we are a source of jobs that enable more women to work in a manner that matches each stage of their lives. We submit proposals to companies in a variety of industries for personnel support that makes it possible to reduce expenses by using people in the most productive ways possible. Although governments in Japan declared states of emergency from time to time, we were able to conduct sales activities with no difficulties for adding new customers by using online sales meetings.

In the call center category, sales were affected by a decline in demand caused by long rain and other unfavorable weather for handling calls for repair services for products of major home appliance and electronics manufacturers. However, there was a slight increase in sales because of contributions to sales from expansion of sales and factory operations to more market sectors and the receipt of new orders. Segment profit decreased as selling, general and administrative expenses increased due to up-front expenditures primarily for more salespeople for the new child care worker placement business and for recruiting and training people required for new large-scale projects.

As a result, net sales of this business were 1,334 million yen, an increase of 531 thousand yen from one year earlier, and segment profit was 55 million yen, a decrease of 29.8%.

## 2) After-school day care

We are continuing to operate after-school day-care facilities while strictly following the guidelines for protection against COVID-19 infections in order to allow people to use these facilities with confidence. During the first half of 2020, all elementary schools in Japan were closed and there were other actions in response to the pandemic. There were no major school closings since then even during states of emergency or at other times.

The number of after-school day-care facilities operated by the SERIO Holdings Group at the end of November 2021 was 133 for public facilities (operated for local governments), 10 for private elementary schools and one in the private sector. The result was a total of 144, an increase of one from the end of the previous fiscal year. Preparations are under way to open more locations beginning in April 2022.

Sales increased because of the inclusion of the sales of 10 locations opened during the previous fiscal year. Due to the new revenue recognition standard, this segment has started using more reasonable estimates of progress with fulfilling obligations to provide services and then using these estimates to recognize sales in specific periods. This change raised sales by 26 million yen. Earnings decreased as the return to normal operations following the impact of the pandemic in the previous fiscal year raised personnel expenses. Although the new standard is expected to continue reducing the segment profit during the first nine months, the effect on fiscal year earnings will be negligible.

As a result, net sales of this business were 1,411 million yen, up 15.2% year on year, and segment profit was 63 million yen, a decrease of 25.5%.

## 3) Nursery schools

Although some nursery schools temporarily closed because of the pandemic, operations began to return to normal in October following the end of states of emergency. We continued operating nursery schools while taking numerous actions to protect children and instructors from infections in accordance with government guidelines. As of April 1, 2021, there were 5,634 preschool children in Japan who were waiting for a nursery school opening. This is a decrease of 6,805 from one year earlier probably because parents are reluctant to use nursery schools during the pandemic. As the percentage of women who have jobs climbs, demand for child care is remaining very strong. The number of children using nursery schools and other care facilities has increased to 2,740,000, 4,712 more than one year earlier. The Japanese government has announced the New Child-raising Confidence Plan that has the goal of expanding the nursery school infrastructure between 2021 and the end of 2024 to a capacity of approximately 140,000 children. The business climate for the nursery school business is expected to remain favorable because of this plan.

The number of children using SERIO Holdings Group nursery schools has been increasing steadily. At the end of November 2021, there were 23 certified nursery schools, 11 small certified nursery schools, three nursery schools for companies, and three community child development support facilities, a total of 40 locations. There was no increase in the number of locations during the first half, but preparations are under way to open more locations beginning in April 2022.

Sales benefited from the increasing number of children at nursery schools newly opened in places where there is not enough nursery school capacity to meet demand. An increase in the number of children at existing locations also contributed to strong sales growth. Earnings were negatively affected by higher personnel expenses, the result of the return to normal operations in the current fiscal year as governments are no longer asking parents to care for preschool children at home, and the hiring of people needed for significantly increasing the number of children at nursery schools during the fiscal year. In addition, selling, general and administrative expenses increased at subsidiary SERIO Garden Co., Ltd., which operates a greenery business for nursery schools and other schools.

As a result, net sales of this business were 1,733 million yen, up 15.7% year on year, and segment profit was 92 million yen, a decrease of 31.2%.

**(2) Explanation of Financial Position**

## 1) Assets, liabilities and net assets

## Assets

Total assets at the end of the second quarter decreased 95 million yen from the end of the previous fiscal year to 4,399 million yen. This was mainly due to decreases of 45 million yen in cash and deposits and 26 million yen in buildings and structures, while there were increases of 5 million yen in prepaid expenses and 45 million yen in construction in progress.

## Liabilities

Total liabilities at the end of the second quarter decreased 138 million yen from the end of the previous fiscal year to 2,425 million yen. This was mainly due to decreases of 59 million yen in income taxes payable and 40 million yen in long-term borrowings, while there was an increase of 34 million yen in advances received.

## Net assets

Total net assets at the end of the second quarter increased 42 million yen from the end of the previous fiscal year to 1,974 million yen. This was mainly due to an increase of 85 million yen in retained earnings resulting from profit attributable to owners of parent and a decrease of 44 million yen in retained earnings due to payment of dividends.

## 2) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the second quarter decreased 45 million yen from the end of the previous fiscal year to 1,852 million yen.

The cash flow components and the main reasons for changes are as follows.

## Cash flows from operating activities

Net cash provided by operating activities was 127 million yen, compared with net cash provided of 316 million yen in the same period of the previous fiscal year. Positive factors include profit before income taxes of 131 million yen, depreciation of 55 million yen, and increases of 54 million yen in contract liabilities, 26 million yen in accrued expenses and 38 million yen in deposits received. Negative factors include income taxes paid of 99 million yen.

## Cash flows from investing activities

Net cash used in investing activities was 74 million yen, compared with net cash used of 47 million yen in the same period of the previous fiscal year. Negative factors include purchase of property, plant and equipment of 59 million yen and payments of guarantee deposits of 6 million yen. Positive factors include proceeds from collection of construction assistance fund receivables of 3 million yen.

## Cash flows from financing activities

Net cash used in financing activities was 97 million yen, compared with net cash used of 27 million yen in the same period of the previous fiscal year. Negative factors include dividends paid of 44 million yen and repayments of long-term borrowings of 40 million yen.

**(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no revisions to the fiscal year consolidated forecast announced on July 14, 2021 in “Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2021.” At this time, we believe that the pandemic will not have a significant negative effect on business operations and sales and earnings.

The consolidated forecast is based on assumption judged to be valid and information available when the forecast was announced. Actual results may differ from the forecasts for a number of reasons.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY5/21 (As of May 31, 2021)	Second quarter of FY5/22 (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	1,897,424	1,852,336
Accounts receivable-trade	570,304	-
Accounts receivable-trade and contract assets	-	583,653
Prepaid expenses	86,965	92,688
Accounts receivable-other	12,681	11,978
Other	12,324	12,727
Allowance for doubtful accounts	(324)	(524)
Total current assets	2,579,375	2,552,860
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,112,829	1,086,230
Tools, furniture and fixtures, net	47,048	45,910
Land	161,735	161,735
Leased assets, net	3,484	3,082
Construction in progress	538	46,014
Total property, plant and equipment	1,325,635	1,342,971
Intangible assets		
Right to use facilities	11,543	11,063
Software	10,268	6,051
Leased assets	7,718	5,907
Other	1,132	1,070
Total intangible assets	30,663	24,092
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	170,696	177,579
Long-term prepaid expenses	120,424	47,789
Deferred tax assets	53,287	49,310
Insurance funds	34,312	35,673
Construction assistance fund receivables	127,801	124,352
Other	53,469	45,055
Total investments and other assets	560,001	479,769
Total non-current assets	1,916,300	1,846,833
Total assets	4,495,676	4,399,694

	(Thousands of yen)	
	FY5/21 (As of May 31, 2021)	Second quarter of FY5/22 (As of Nov. 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,362	9,361
Current portion of long-term borrowings	81,600	81,600
Lease obligations	10,781	7,485
Accounts payable-other	85,232	71,525
Accounts payable for equipment investment	1,340	7,298
Accrued expenses	645,763	672,347
Income taxes payable	111,143	51,560
Accrued consumption taxes	126,705	90,395
Advances received	131,855	-
Contract liabilities	-	166,766
Deposits received	144,719	183,014
<b>Total current liabilities</b>	<b>1,347,502</b>	<b>1,341,354</b>
<b>Non-current liabilities</b>		
Long-term borrowings	880,336	839,536
Lease obligations	8,183	5,202
Asset retirement obligations	238,586	239,000
Long-term advances received	89,293	-
<b>Total non-current liabilities</b>	<b>1,216,399</b>	<b>1,083,739</b>
<b>Total liabilities</b>	<b>2,563,902</b>	<b>2,425,093</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	693,263	693,263
Capital surplus	671,433	671,753
Retained earnings	567,078	616,355
Treasury shares	-	(6,772)
<b>Total shareholders' equity</b>	<b>1,931,774</b>	<b>1,974,600</b>
<b>Total net assets</b>	<b>1,931,774</b>	<b>1,974,600</b>
<b>Total liabilities and net assets</b>	<b>4,495,676</b>	<b>4,399,694</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)	First six months of FY5/22 (Jun. 1, 2021 – Nov. 30, 2021)
Net sales	4,057,400	4,479,797
Cost of sales	3,221,229	3,667,071
Gross profit	836,170	812,726
Selling, general and administrative expenses	608,747	681,666
Operating profit	227,423	131,060
Non-operating income		
Interest income	6	8
Subsidy income	8,008	3,450
Miscellaneous income	1,660	2,133
Total non-operating income	9,676	5,592
Non-operating expenses		
Interest expenses	4,171	4,348
Amortization of share issuance costs	1,317	-
Miscellaneous losses	-	740
Total non-operating expenses	5,488	5,088
Ordinary profit	231,610	131,563
Extraordinary income		
Subsidy income	950	-
Total extraordinary income	950	-
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	950	-
Loss on retirement of non-current assets	2,116	-
Total extraordinary losses	3,066	-
Profit before income taxes	229,494	131,563
Income taxes-current	83,141	45,678
Income taxes-deferred	(2,883)	(56)
Total income taxes	80,258	45,622
Profit	149,236	85,941
Profit attributable to owners of parent	149,236	85,941

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)	First six months of FY5/22 (Jun. 1, 2021 – Nov. 30, 2021)
Profit	149,236	85,941
Comprehensive income	149,236	85,941
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	149,236	85,941

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)	First six months of FY5/22 (Jun. 1, 2021 – Nov. 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	229,494	131,563
Depreciation	46,452	55,555
Loss on tax purpose reduction entry of non-current assets	950	-
Subsidy income	(950)	-
Increase (decrease) in allowance for doubtful accounts	33	199
Interest and dividend income	(6)	(8)
Interest expenses	4,171	4,348
Decrease (increase) in trade receivables	2,866	-
Decrease (increase) in trade receivables and contract assets	-	266
Decrease (increase) in prepaid expenses	(8,410)	74,878
Increase (decrease) in trade payables	4,001	998
Increase (decrease) in advances received	30,876	-
Increase (decrease) in contract liabilities	-	(54,382)
Increase (decrease) in accounts payable-other	1,154	(19,770)
Increase (decrease) in accrued expenses	29,716	26,584
Increase (decrease) in deposits received	(26,894)	38,276
Increase (decrease) in accrued consumption taxes	46,435	(36,826)
Other, net	25,703	9,293
Subtotal	385,595	230,976
Interest received	6	8
Interest paid	(4,391)	(4,359)
Income taxes paid	(65,132)	(99,592)
Net cash provided by (used in) operating activities	316,078	127,034
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(58,148)	(59,716)
Subsidies received	16,459	-
Proceeds from collection of construction assistance fund receivables	3,298	3,448
Purchase of intangible assets	-	(232)
Proceeds from refund of guarantee deposits	6,049	-
Payments of guarantee deposits	(14,142)	(6,882)
Other, net	(1,235)	(10,905)
Net cash provided by (used in) investing activities	(47,719)	(74,288)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(101,730)	-
Proceeds from long-term borrowings	134,100	-
Repayments of long-term borrowings	(34,960)	(40,800)
Dividends paid	(18,988)	(44,305)
Purchase of treasury shares	-	(23,550)
Proceeds from disposal of treasury shares	-	17,098
Repayments of lease obligations	(6,208)	(6,275)
Net cash provided by (used in) financing activities	(27,786)	(97,833)
Net increase (decrease) in cash and cash equivalents	240,571	(45,087)
Cash and cash equivalents at beginning of period	1,531,821	1,897,424
Cash and cash equivalents at end of period	1,772,393	1,852,336

#### **(4) Notes to Quarterly Consolidated Financial Statements**

##### **Going Concern Assumption**

Not applicable.

##### **Significant Changes in Shareholders' Equity**

Following the resolution of the Board of Directors meeting on July 19, 2021, SERIO Holdings purchased 30,000 treasury shares of common stock on July 20, 2021 through an off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. In addition, following the resolution of the Board of Directors meeting on September 21, 2021, SERIO Holdings sold 21,373 treasury shares as restricted stock compensation on October 18, 2021. As a result, treasury shares amounted to 6,772 thousand yen as of the end of the second quarter of the current fiscal year.

##### **Changes in Accounting Policies**

###### **Application of Accounting Standard for Revenue Recognition**

SERIO Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the current fiscal year. Based on these standard and guidance, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. The most significant change resulting from this application is in the after-school day-care segment, which now uses more reasonable estimates of progress with fulfilling obligations to provide services and then uses these estimates to recognize sales in specific periods.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, in the first half of the current fiscal year, net sales increased 22,436 thousand yen, cost of sales decreased 4,505 thousand yen, and operating profit, ordinary profit and profit before income taxes increased 26,942 thousand yen each. There is no effect of the application of the new standards on retained earnings at the beginning of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, "accounts receivable-trade" in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the first quarter of the current fiscal year, included in "accounts receivable-trade and contract assets." In addition, "advances received" in the current liabilities section is now "contract liabilities." Furthermore, "decrease (increase) in trade receivables" under cash flows from operating activities shown in the quarterly consolidated statement of cash flows for the previous first half is, from the first half of the current fiscal year, included in "decrease (increase) in trade receivables and contract assets," and "increase (decrease) in advances received" is now included in "increase (decrease) in contract liabilities." In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's consolidated financial statements to conform to the new presentation.

###### **Application of the Accounting Standard for Fair Value Measurement**

SERIO Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no effect of the application of these standards on the quarterly consolidated financial statements.

## Segment Information

### I. First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)

#### 1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	1,333,825	1,225,284	1,498,290	4,057,400	-	4,057,400
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,333,825	1,225,284	1,498,290	4,057,400	-	4,057,400
Segment profit	78,477	84,893	134,443	297,814	(70,390)	227,423

Notes: 1. The negative adjustment of 70,390 thousand yen to segment profit is mainly selling, general and administrative expenses that cannot be attributed to any reportable segments.

2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

### II. First six months of FY5/22 (Jun. 1, 2021 – Nov. 30, 2021)

#### 1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	1,334,357	1,411,147	1,733,639	4,479,144	653	4,479,797
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,334,357	1,411,147	1,733,639	4,479,144	653	4,479,797
Segment profit	55,123	63,281	92,547	210,953	(79,892)	131,060

Notes: 1. The 653 thousand yen adjustment to net sales is sales that cannot be attributed to any reportable segments. The negative adjustment of 79,892 thousand yen to segment profit is mainly selling, general and administrative expenses that cannot be attributed to any reportable segments.

2. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

*This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*