



January 14, 2021

**Summary of Consolidated Financial Results  
for the Second Quarter of the Fiscal Year Ending May 31, 2021  
(Six Months Ended November 30, 2020)**

[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 14, 2021  
 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, 2021  
(June 1, 2020 – November 30, 2020)**

(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, 2020	4,057	17.7	227	352.5	231	363.8	149	345.3
Six months ended Nov. 30, 2019	3,447	10.7	50	45.1	49	41.5	33	60.0

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

Six months ended Nov. 30, 2019: 33 million yen (up 60.0%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Nov. 30, 2020	23.58		-	
Six months ended Nov. 30, 2019	5.29		-	

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		%	
As of Nov. 30, 2020	4,202		1,857		44.2	
As of May 31, 2020	3,906		1,727		44.2	

Reference: Shareholders' equity As of Nov. 30, 2020: 1,857 million yen As of May 31, 2020: 1,727 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, 2020	-	0.00	-	6.00	6.00
Fiscal year ending May 31, 2021	-	0.00	-	-	-
Fiscal year ending May 31, 2021 (forecast)	-	-	-	4.00	4.00

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, 2020 is the amount paid before the common stock split on October 1, 2020. The forecast for the dividend per share for the fiscal year ending May 31, 2021 is the amount to be paid after the common stock split.

Consequently, the dividend forecast of 4.00 yen per share is equivalent to 8.00 yen per share prior to the stock split, which is an increase of 2.00 yen over the dividend paid for the fiscal year ended May 31, 2020.

**3. Consolidated Forecast for the Fiscal Year Ending May 31, 2021 (June 1, 2020 – May 31, 2021)**

(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	8,000	15.1	280	105.0	279	66.3	181	79.4	28.65

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: | None |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

(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, 2020	6,329,400 shares	As of May 31, 2020:	6,329,400 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2020:	- shares	As of May 31, 2020:	- shares
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3) Average number of shares during the period

Six months ended Nov. 30, 2020:	6,329,400 shares	Six months ended Nov. 30, 2019:	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 14, 2021), using the Timely Disclosure network (TDnet). SERIO Holdings plans to hold a web conference information meeting for institutional investors and analysts on January 20, 2021. Materials to be distributed at this event will be posted on the SERIO Holdings website on January 19, 2021.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of SERIO Holdings Group (SERIO Holdings and its consolidated subsidiaries) as of November 30, 2020.

### (1) Explanation of Results of Operations

In the first half of the current fiscal year (June 1 to November 30, 2020), widespread precautions to prevent the spread of COVID-19 affected some activities of the employment assistance business. However, this business has been performing well partially because of the firm demand at companies for workforce flexibility. Normal operations continued in the after-school day-care business and nursery school business, along with measures to protect participants from COVID-19, in order to fulfill the role of these businesses of caring for children while a parent or other guardian is at work.

In July 2020, the Japanese government announced the 2020 Key Policies for Accelerating the Empowerment of Women. There have been numerous activities in accordance with these policies for the establishment of a framework that allows women to play an active role in workplaces. 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 large 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.

First half sales increased because of the sales at nursery schools and after-school day-care facilities that opened in April and May 2020 and a faster than expected recovery in sales in the employment assistance business following the downturn caused by the COVID-19 outbreak. Operating profit increased because of sales growth and lower recruiting expenses as the employee retention rate improved. In addition, earnings in the previous fiscal year's first half were held down by one-time expenses for the replacement of personal computers. Earnings also benefited from more efficient sales meetings and recruiting interviews due to the use of internet meetings and other new formats. There were expenses for more personnel to strengthen administrative operations, IT systems to upgrade security and other activities to maintain an infrastructure capable of supporting the consistent growth of business activities. Government employment adjustment subsidies and other payments received in association with employee furloughs were recorded as non-operating income.

As a result, net sales for the first half of the fiscal year ending May 31, 2021 increased 17.7% year on year to 4,057 million yen. Operating profit was 227 million yen, up 352.5% and ordinary profit was 231 million yen, an increase of 363.8%. Profit attributable to owners of parent increased 345.3% to 149 million yen.

The following is a summary of business segment performance.

#### 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 women to work in a manner that matches each stage of their lives. To provide these jobs, we create proposals for companies in many business sectors for the use of temporary staffing, employment services and subcontracting in order to cut costs by using people in the most productive ways possible.

Due to COVID-19, some current customers continued to adjust working hours for temporary staffing personnel. However, the recovery in sales following these adjustments and working hour reductions was faster than expected. In the subcontracting business, sales increased because of the expanding breadth of call center operations and several large new orders. Earnings in this segment increased because of the higher sales and a decline in the cost of sales ratio resulting mainly from a more streamlined operating structure and higher productivity for subcontracting and revisions to temporary staffing contract rates.

As a result, net sales of this business were 1,333 million yen, up 14.7% year on year, and segment profit was 78 million yen, an increase of 78.4%.

## 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. In March 2020, all elementary schools in Japan closed in response to a request by the Japanese government due to the COVID-19 pandemic. In June, after the state of emergency ended, schools have slowly started to resume operations. Schools shortened summer vacation to offset the school days that were lost earlier in the year. As a result, there were revisions to the plans for days of operation and operating times of the after-school day-care facilities operated for local governments. In addition, the number of children using these facilities was smaller than the number initially registered as some parents kept children home because of the COVID-19 pandemic. However, there have been no events since September that had a major negative impact on the business climate for after-school day care, such as an order to close all elementary schools in Japan or the suspension of operations at all of the locations of this business.

The number of after-school day-care facilities operated by the SERIO Group at the end of November 2020 was 123 for public facilities (operated for local governments), nine for private elementary schools and one in the private sector, a total of 133. This is the same as at the end of the first quarter. Preparations are under way to open more locations beginning in April 2021.

Sales were less than expected because of the reduction in operating hours during summer vacation and the decline in the number of children using after-school day-care facilities, both due to COVID-19. Nevertheless, total sales increased because of the contribution to sales from six locations that started operations in the previous fiscal year. Earnings were higher due to sales growth and a decrease in expenses for instructors resulting from summer vacation as well as lower expenses for standard operations. One-time expenses for the replacement of personal computers that held down earnings in the previous fiscal year was another reason for the increase in first half earnings.

As a result, net sales of this business were 1,225 million yen, up 11.5% year on year, and segment profit was 84 million yen, an increase of 619.9%.

## 3) Nursery schools

Even after the end of the state of emergency in association with COVID-19, there was a decrease in June 2020 in the percentage of registered children who attended the nursery schools of this business at some locations because of government requests for parents to provide care for their children at home. Since July, the ratio of registered children attending nursery schools has returned to almost the normal level. As in the previous period, there were numerous measures in accordance with COVID-19 prevention guidelines in order to ensure the safety of children and instructors.

As of April 1, 2020, there were 12,439 preschool children in Japan who were waiting for a nursery school opening, down by 4,333 from one year earlier. Despite this decline, nursery school demand remains high. The number of nursery school applications increased to a record-high 2.84 million in April because of the rising percentage of women who have jobs.

The number of children using SERIO Group nursery schools has been increasing steadily. In October 2020, we started operating a community child development support facility called the Nishinomiya Parent-Child Salon for the City of Nishinomiya. At the end of November 2020, there were 20 certified nursery schools, nine small certified nursery schools, three nursery schools for companies, and three community child development support facilities, a total of 35 locations. Preparations are under way to open more locations beginning in April 2021.

Sales benefited from the increasing number of children in the nursery schools of this business, the result of students 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 increased significantly because of sales growth and lower recruiting expenses as the instructor retention rate improved.

As a result, net sales of this business were 1,498 million yen, up 26.3% year on year, and segment profit was 134 million yen, an increase of 166.8%.

## (2) Explanation of Financial Position

### 1) Assets, liabilities and net assets

#### Assets

Total assets at the end of the second quarter increased 295 million yen from the end of the previous fiscal year to 4,202 million yen. This was mainly due to increases of 240 million yen in cash and deposits and 101 million yen in construction in progress. There were decreases of 22 million yen in accounts receivable-other and 31 million yen in buildings and structures.

#### Liabilities

Total liabilities at the end of the second quarter increased 165 million yen from the end of the previous fiscal year to 2,344 million yen. This was mainly due to increases of 90 million yen in long-term borrowings, 52 million yen in accounts payable for equipment investment, 46 million yen in accrued consumption taxes, 30 million yen in advances received and 29 million yen in accrued expenses, while there was a decrease of 101 million yen in short-term borrowings.

#### Net assets

Total net assets at the end of the second quarter increased 130 million yen from the end of the previous fiscal year to 1,857 million yen. This was mainly due to an increase of 149 million yen in retained earnings resulting from profit attributable to owners of parent and a decrease of 18 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 increased 240 million yen from the end of the previous fiscal year to 1,772 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 316 million yen, compared with net cash provided of 93 million yen in the same period of the previous fiscal year. Positive factors include profit before income taxes of 229 million yen, depreciation of 46 million yen, and increases of 46 million yen in accrued consumption taxes, 30 million yen in advances received and 29 million yen in accrued expenses. Negative factors include income taxes paid of 65 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 47 million yen, compared with net cash used of 384 million yen in the same period of the previous fiscal year. Negative factors include purchase of property, plant and equipment of 58 million yen and payments of guarantee deposits of 14 million yen. Positive factors include subsidies received of 16 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 27 million yen, compared with net cash provided of 201 million yen in the same period of the previous fiscal year. Negative factors include repayments of short-term borrowings of 101 million yen and dividends paid of 18 million yen. Positive factors include proceeds from long-term borrowings of 99 million yen.

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

There are no revisions to the full-year consolidated forecast announced on October 15, 2020 in “Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending May 31, 2021.” There are no changes to the assumptions announced on October 15, 2020 for forecasting results of operations, based on the outlook for the COVID-19 crisis to affect the performance of the SERIO Holdings Group throughout the fiscal year ending in May 2021.

The consolidated forecast was prepared based on assumption judged to be valid and information available at the release of these materials. Actual results may differ from the forecast for a number of reasons.

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

(Thousands of yen)

	FY5/20 (As of May 31, 2020)	Second quarter of FY5/21 (As of Nov. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	1,531,821	1,772,393
Accounts receivable-trade	553,722	557,693
Prepaid expenses	61,541	70,235
Accounts receivable-other	52,804	30,458
Other	12,418	12,951
Allowance for doubtful accounts	(256)	(290)
Total current assets	2,212,051	2,443,440
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,034,938	1,002,987
Tools, furniture and fixtures, net	32,412	31,511
Land	161,735	161,735
Leased assets, net	-	3,886
Construction in progress	1,210	102,793
Total property, plant and equipment	1,230,295	1,302,913
Intangible assets		
Right to use facilities	12,225	11,754
Software	18,568	14,163
Leased assets	11,761	9,739
Other	1,257	1,195
Total intangible assets	43,812	36,852
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	148,139	155,902
Long-term prepaid expenses	19,132	17,029
Deferred tax assets	29,903	32,787
Insurance funds	32,954	34,243
Construction assistance fund receivables	134,548	131,249
Other	54,048	47,188
Total investments and other assets	418,737	418,410
Total non-current assets	1,692,846	1,758,176
Deferred assets		
Share issuance costs	1,994	677
Total deferred assets	1,994	677
Total assets	3,906,892	4,202,294



	(Thousands of yen)	
	FY5/20 (As of May 31, 2020)	Second quarter of FY5/21 (As of Nov. 30, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	3,344	7,345
Short-term borrowings	134,100	32,370
Current portion of long-term borrowings	58,854	67,092
Lease obligations	12,122	12,779
Accounts payable-other	61,468	68,752
Accounts payable for equipment investment	5,243	57,869
Accrued expenses	568,698	598,414
Income taxes payable	71,458	83,402
Accrued consumption taxes	64,724	111,160
Advances received	122,150	153,027
Deposits received	161,884	134,989
Provision for bonuses	-	15,004
<b>Total current liabilities</b>	1,264,048	1,342,207
<b>Non-current liabilities</b>		
Long-term borrowings	692,338	783,240
Lease obligations	15,132	12,688
Asset retirement obligations	208,286	206,823
<b>Total non-current liabilities</b>	915,756	1,002,751
<b>Total liabilities</b>	2,179,804	2,344,959
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	693,263	693,263
Capital surplus	671,433	671,433
Retained earnings	362,391	492,639
<b>Total shareholders' equity</b>	1,727,087	1,857,335
<b>Total net assets</b>	1,727,087	1,857,335
<b>Total liabilities and net assets</b>	3,906,892	4,202,294

**(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 FY5/20 (Jun. 1, 2019 – Nov. 30, 2019)	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)
Net sales	3,447,294	4,057,400
Cost of sales	2,851,690	3,221,229
Gross profit	595,603	836,170
Selling, general and administrative expenses	545,348	608,747
Operating profit	50,255	227,423
Non-operating income		
Interest income	7	6
Subsidy income	1,916	8,008
Subsidy income	1,242	-
Miscellaneous income	1,284	1,660
Total non-operating income	4,450	9,676
Non-operating expenses		
Interest expenses	2,746	4,171
Amortization of share issuance costs	1,317	1,317
Miscellaneous loss	700	-
Total non-operating expenses	4,763	5,488
Ordinary profit	49,942	231,610
Extraordinary income		
Subsidy income	181,689	950
Total extraordinary income	181,689	950
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	181,689	950
Loss on retirement of non-current assets	-	2,116
Total extraordinary losses	181,689	3,066
Profit before income taxes	49,942	229,494
Income taxes-current	21,088	83,141
Income taxes-deferred	(4,658)	(2,883)
Total income taxes	16,430	80,258
Profit	33,512	149,236
Profit attributable to owners of parent	33,512	149,236

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

(Thousands of yen)

	First six months of FY5/20 (Jun. 1, 2019 – Nov. 30, 2019)	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)
Profit	33,512	149,236
Comprehensive income	33,512	149,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	33,512	149,236

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

(Thousands of yen)

	First six months of FY5/20 (Jun. 1, 2019 – Nov. 30, 2019)	First six months of FY5/21 (Jun. 1, 2020 – Nov. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	49,942	229,494
Depreciation	37,584	46,452
Amortization of long-term prepaid expenses	1,406	1,601
Loss on tax purpose reduction entry of non-current assets	181,689	950
Subsidy income	(181,689)	(950)
Increase (decrease) in allowance for doubtful accounts	(267)	33
Interest and dividend income	(7)	(6)
Interest expenses	2,746	4,171
Decrease (increase) in trade receivables	(42,355)	2,866
Decrease (increase) in prepaid expenses	(33,958)	(8,410)
Increase (decrease) in trade payables	957	4,001
Increase (decrease) in advances received	12,139	30,876
Increase (decrease) in accounts payable-other	(10,896)	1,154
Increase (decrease) in accrued expenses	53,098	29,716
Increase (decrease) in accrued consumption taxes	(19,138)	46,435
Other, net	51,821	(2,792)
Subtotal	103,072	385,595
Interest received	7	6
Interest paid	(2,585)	(4,391)
Income taxes paid	(7,387)	(65,132)
Net cash provided by (used in) operating activities	93,106	316,078
Cash flows from investing activities		
Purchase of property, plant and equipment	(335,069)	(58,148)
Subsidies received	-	16,459
Payments of construction assistance fund receivables	(30,000)	-
Collection of construction assistance fund receivables	2,473	3,298
Purchase of intangible assets	(1,780)	-
Proceeds from refund of guarantee deposits	791	6,049
Payments of guarantee deposits	(8,789)	(14,142)
Other, net	(12,037)	(1,235)
Net cash provided by (used in) investing activities	(384,411)	(47,719)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	238,540	(101,730)
Proceeds from long-term borrowings	-	134,100
Repayments of long-term borrowings	(21,707)	(34,960)
Dividends paid	(8,861)	(18,988)
Repayments of lease obligations	(6,061)	(6,208)
Net cash provided by (used in) financing activities	201,910	(27,786)
Net increase (decrease) in cash and cash equivalents	(89,394)	240,571
Cash and cash equivalents at beginning of period	1,261,081	1,531,821
Cash and cash equivalents at end of period	1,171,687	1,772,393

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment Information**

## I. First six months of FY5/20 (Jun. 1, 2019 – Nov. 30, 2019)

## 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	1,162,411	1,098,563	1,186,318	3,447,294	-	3,447,294
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,162,411	1,098,563	1,186,318	3,447,294	-	3,447,294
Segment profit	43,982	11,791	50,390	106,165	(55,910)	50,255

Notes: 1. The negative adjustment of 55,910 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 FY5/21 (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.

*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.*