



April 13, 2021

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending May 31, 2021
(Nine Months Ended February 28, 2021)**

[Japanese GAAP]

Company name: SERIO HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange, Mothers
 Securities code: 6567 URL: <https://www.serio-holdings.co.jp/>
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 Scheduled date of filing of Quarterly Report: April 13, 2021
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 31, 2021
(June 1, 2020 – February 28, 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	%
Nine months ended Feb. 28, 2021	6,076	19.6	296	325.2	299	340.1	199	329.0
Nine months ended Feb. 29, 2020	5,079	9.9	69	68.3	68	54.0	46	83.4

Note: Comprehensive income
 Nine months ended Feb. 28, 2021: 199 million yen (up 329.0%)
 Nine months ended Feb. 29, 2020: 46 million yen (up 83.4%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Feb. 28, 2021	31.55		-	
Nine months ended Feb. 29, 2020	7.35		-	

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 Feb. 28, 2021	4,446		1,907		42.9	
As of May 31, 2020	3,906		1,727		44.2	

Reference: Shareholders' equity As of Feb. 28, 2021: 1,907 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				
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	8,200	18.0	319	134.0	320	90.9	208	106.1	32.90

Note: Revision to the most recently announced consolidated forecast: Yes

*** 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

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|---|------|
| 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 Feb. 28, 2021	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 Feb. 28, 2021:	- shares	As of May 31, 2020:	- shares
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3) Average number of shares during the period

Nine months ended Feb. 28, 2021:	6,329,400 shares	Nine months ended Feb. 29, 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 (April 13, 2021), using the Timely Disclosure network (TDnet).

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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 February 28, 2021.

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year (June 1, 2020 to February 28, 2021), 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 nine months, 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 in the first nine months increased because of the contribution to sales from 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. In addition, earnings in the previous fiscal year's first nine months 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 building an infrastructure capable of supporting the consistent growth of business operations. This includes expenditures for more personnel to strengthen administrative operations, for IT systems to upgrade security, and for new businesses, such as employment services for child care workers and the provision of grass-covered areas for nursery schools, kindergartens and other locations that care for children. In addition, we are continuing to strengthen our infrastructure in order to support the growth of the number of locations in the after-school day-care and nursery school businesses. 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 nine months of the fiscal year ending May 31, 2021 increased 19.6% year on year to 6,076 million yen. Operating profit was 296 million yen, up 325.2% and ordinary profit was 299 million yen, an increase of 340.1%. Profit attributable to owners of parent increased 329.0% to 199 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. In January 2021, the government issued a state of emergency. As a result, the business environment in which we operate changed again, but we were still able to keep focus on new business development through business negotiations conducted online.

In the beginning of the current fiscal year, some current customers adjusted working hours for temporary staffing personnel due to COVID-19. 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, expansion in office work operations in our temporary staffing business and several new orders. Earnings in this segment increased because of the higher sales, a decline in the cost of sales ratio resulting mainly from a more streamlined operating structure, higher productivity for subcontracting and revisions to temporary staffing contract rates, and improving operational efficiency in our back-office department.

As a result, net sales of this business were 1,961 million yen, up 17.4% year on year, and segment profit was 98 million yen, an increase of 105.9%.

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.

As of July 2020, the number of children on waiting lists for the after-school 'day-care club nationwide, as announced by the Ministry of Health, Labor and Welfare, was 15,995. The demand for after-school day-care facilities also remains high due to the increase in percentage of women in the workforce.

The number of after-school day-care facilities operated by the SERIO Group at the end of February 2021 was 123 for public facilities (operated for local governments), nine for private elementary schools and one in the private sector, a total of 133. Given the nature of our business, new openings are concentrated in the fourth quarter. Preparations are therefore 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 earnings in the first nine months.

As a result, net sales of this business were 1,851 million yen, up 15.0% year on year, and segment profit was 133 million yen, an increase of 1806.2%.

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 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 February 2021, 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. Given the nature of our business, new openings are concentrated in the fourth quarter. Preparations are therefore 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 2,263 million yen, up 25.8% year on year, and segment profit was 170 million yen, an increase of 73.5%.

(2) Explanation of Financial Position

Assets

Total assets at the end of the third quarter increased 539 million yen from the end of the previous fiscal year to 4,446 million yen. This was mainly due to increases of 404 million yen in cash and deposits, 158 million yen in property, plant and equipment, and 18 million yen in guarantee deposits, while there was a decrease of 41 million yen in accounts receivable-other.

Liabilities

Total liabilities at the end of the third quarter increased 359 million yen from the end of the previous fiscal year to 2,538 million yen. This was mainly due to increases of 120 million yen in provision for bonuses, 76 million yen in long-term borrowings, 75 million yen in accrued consumption taxes, 70 million yen in advances received, 50 million yen in accounts payable-other and 36 million yen in short-term borrowings, while there was a decrease of 53 million yen in accrued expenses.

Net assets

Total net assets at the end of the third quarter increased 180 million yen from the end of the previous fiscal year to 1,907 million yen. This was mainly due to an increase of 199 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.

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

Based on operating results in the first nine months and forecasts available at this time, we have revised 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.” For more information, please refer to “Notice of Revisions to the Consolidated Forecast for the Fiscal Year Ending May 31, 2021” (Japanese version only) announced today.

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 forecasts 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)	Third quarter of FY5/21 (As of Feb. 28, 2021)
Assets		
Current assets		
Cash and deposits	1,531,821	1,936,528
Accounts receivable-trade	553,722	565,526
Prepaid expenses	61,541	74,480
Accounts receivable-other	52,804	10,917
Other	12,418	13,693
Allowance for doubtful accounts	(256)	(414)
Total current assets	2,212,051	2,600,732
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,034,938	990,008
Tools, furniture and fixtures, net	32,412	33,543
Land	161,735	161,735
Leased assets, net	-	3,685
Construction in progress	1,210	200,029
Total property, plant and equipment	1,230,295	1,389,001
Intangible assets		
Right to use facilities	12,225	11,518
Software	18,568	12,487
Leased assets	11,761	8,728
Other	1,257	1,163
Total intangible assets	43,812	33,899
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	148,139	166,993
Long-term prepaid expenses	19,132	16,074
Deferred tax assets	29,903	32,204
Insurance funds	32,954	34,310
Construction assistance fund receivables	134,548	129,525
Other	54,048	43,934
Total investments and other assets	418,737	423,052
Total non-current assets	1,692,846	1,845,952
Deferred assets		
Share issuance costs	1,994	18
Total deferred assets	1,994	18
Total assets	3,906,892	4,446,703

	(Thousands of yen)	
	FY5/20 (As of May 31, 2020)	Third quarter of FY5/21 (As of Feb. 28, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	3,344	7,366
Short-term borrowings	134,100	170,585
Current portion of long-term borrowings	58,854	67,092
Lease obligations	12,122	12,194
Accounts payable-other	61,468	111,908
Accounts payable for equipment investment	5,243	9,491
Accrued expenses	568,698	515,619
Income taxes payable	71,458	57,401
Accrued consumption taxes	64,724	139,872
Advances received	122,150	192,220
Deposits received	161,884	148,365
Provision for bonuses	-	120,761
Total current liabilities	1,264,048	1,552,878
Non-current liabilities		
Long-term borrowings	692,338	768,998
Lease obligations	15,132	10,021
Asset retirement obligations	208,286	207,013
Total non-current liabilities	915,756	986,032
Total liabilities	2,179,804	2,538,911
Net assets		
Shareholders' equity		
Share capital	693,263	693,263
Capital surplus	671,433	671,433
Retained earnings	362,391	543,096
Total shareholders' equity	1,727,087	1,907,792
Total net assets	1,727,087	1,907,792
Total liabilities and net assets	3,906,892	4,446,703

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

(Thousands of yen)

	First nine months of FY5/20 (Jun. 1, 2019 – Feb. 29, 2020)	First nine months of FY5/21 (Jun. 1, 2020 – Feb. 28, 2021)
Net sales	5,079,223	6,076,182
Cost of sales	4,190,822	4,851,807
Gross profit	888,400	1,224,374
Selling, general and administrative expenses	818,702	928,046
Operating profit	69,698	296,327
Non-operating income		
Interest income	14	14
Subsidy income	2,716	8,027
Subsidy income	1,564	1,849
Miscellaneous income	1,778	1,431
Total non-operating income	6,074	11,322
Non-operating expenses		
Interest expenses	4,858	6,262
Amortization of share issuance costs	1,975	1,975
Miscellaneous loss	901	0
Total non-operating expenses	7,736	8,238
Ordinary profit	68,036	299,411
Extraordinary income		
Subsidy income	181,690	950
Total extraordinary income	181,690	950
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	181,690	950
Loss on retirement of non-current assets	-	2,116
Total extraordinary losses	181,690	3,066
Profit before income taxes	68,036	297,295
Income taxes-current	23,575	99,902
Income taxes-deferred	(2,088)	(2,300)
Total income taxes	21,487	97,602
Profit	46,549	199,692
Profit attributable to owners of parent	46,549	199,692

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

(Thousands of yen)

	First nine months of FY5/20 (Jun. 1, 2019 – Feb. 29, 2020)	First nine months of FY5/21 (Jun. 1, 2020 – Feb. 28, 2021)
Profit	46,549	199,692
Comprehensive income	46,549	199,692
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,549	199,692

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I. First nine months of FY5/20 (Jun. 1, 2019 – Feb. 29, 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	1,670,645	1,609,998	1,798,579	5,079,223	-	5,079,223
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,670,645	1,609,998	1,798,579	5,079,223	-	5,079,223
Segment profit	47,824	6,992	98,032	152,849	(83,151)	69,698

Notes: 1. The negative adjustment of 83,151 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 nine months of FY5/21 (Jun. 1, 2020 – Feb. 28, 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	1,961,100	1,851,892	2,263,188	6,076,182	-	6,076,182
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,961,100	1,851,892	2,263,188	6,076,182	-	6,076,182
Segment profit	98,479	133,294	170,116	401,889	(105,562)	296,327

Notes: 1. The negative adjustment of 105,562 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.