



April 13, 2022

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending May 31, 2022  
(Nine Months Ended February 28, 2022)**

[Japanese GAAP]

Company name: SERIO HOLDINGS CO., LTD.	Listing: Tokyo Stock Exchange
Securities code: 6567	URL: <a href="https://www.serio-holdings.co.jp/">https://www.serio-holdings.co.jp/</a>
Representative: Hisashi Wakahama, President and CEO	
Contact: Koji Gotani, Director, General Manager, Management Division	Tel: +81-6-6442-0500
Scheduled date of filing of Quarterly Report: April 13, 2022	
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, 2022  
(June 1, 2021 – February 28, 2022)**

(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, 2022	6,786	11.7	208	(29.7)	211	(29.4)	137	(31.0)
Nine months ended Feb. 28, 2021	6,076	19.6	296	325.2	299	340.1	199	329.0

Note: Comprehensive income  
 Nine months ended Feb. 28, 2022: 137 million yen (down 31.0%)  
 Nine months ended Feb. 28, 2021: 199 million yen (up 329.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Feb. 28, 2022	21.81	-
Nine months ended Feb. 28, 2021	31.55	-

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, 2022	4,387	2,026	46.2
As of May 31, 2021	4,495	1,931	43.0

Reference: Shareholders' equity As of Feb. 28, 2022: 2,026 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 9 “2. Quarterly Consolidated Financial Statements and Notes, (3) 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 Feb. 28, 2022	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 Feb. 28, 2022:	8,627 shares	As of May 31, 2021:	- shares
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3) Average number of shares during the period

Nine months ended Feb. 28, 2022:	6,315,276 shares	Nine months ended Feb. 28, 2021:	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 page 4 “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, 2022), 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, 2022.

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, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies.”

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year (June 1, 2021 to February 28, 2022), the outlook for the economy remained unclear because of states of emergency and other safety measures as the pandemic continued.

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 are gradually returning to normal. 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 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 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 5 million yen. Operating profit decreased primarily for two reasons. First is higher than in the first nine months 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. Second is up-front expenditures associated with the receipt of large orders in the employment assistance business.

As a result, net sales in the first nine months increased 11.7% year on year to 6,786 million yen. Operating profit was 208 million yen, down 29.7% and ordinary profit was 211 million yen, a decrease of 29.4%. Profit attributable to owners of parent decreased 31.0% to 137 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. There was a large volume of sales activities during the first nine months of the fiscal year with no difficulties despite the pandemic due to the use of online sales meetings and the gradual recovery in the number of opportunities for face-to-face sales meetings.

Segment sales increased because of an increase in orders from current customers and large orders for operating public-sector call centers. Segment profit decreased because of increases in the cost of sales and selling, general and administrative expenses that were the result of hiring salespeople for the new child care worker placement business and up-front expenditures associated with new orders from the public sector.

As a result, net sales of this business were 2,042 million yen, up 4.2% year on year, and segment profit was 72 million yen, a decrease of 26.0%.

## 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. Since then, there have been no large-scale school closings even during states of emergency or the enactment of other pandemic safety measures.

As of July 2021, there were 13,416 children on waiting lists for after-school day-care facilities nationwide according to the Ministry of Health, Labour and Welfare. Although this is slightly lower than one year earlier, the number of children registered at these facilities increased by 37,267 from one year earlier to a record-high 1,348,275. This growth demonstrates the consistently strong demand for after-school day-care services.

The number of after-school day-care facilities operated by the SERIO Holdings Group at the end of February 2022 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. Earnings decreased as the return to normal operations following the impact of the pandemic in the previous fiscal year raised personnel expenses.

As a result, net sales of this business were 2,092 million yen, up 13.0% year on year, and segment profit was 91 million yen, a decrease of 31.4%.

## 3) Nursery schools

Although some nursery schools temporarily closed because of the pandemic, operations are gradually returning to normal. 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 number of children using SERIO Holdings Group nursery schools has been increasing steadily. At the end of February 2022, 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 nine months, 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. Nursery school earnings increased even though the return to normal operations caused personnel expenses to increase. However, segment profit was down because of higher selling, general and administrative expenses at SERIO Garden Co., Ltd., which operates a greenery business for nursery schools and other schools.

As a result, net sales of this business were 2,650 million yen, up 17.1% year on year, and segment profit was 166 million yen, a decrease of 2.0%.

## **(2) Explanation of Financial Position**

### Assets

Total assets at the end of the third quarter decreased 108 million yen from the end of the previous fiscal year to 4,387 million yen. This was mainly due to decreases of 274 million yen in cash and deposits and 45 million yen in buildings and structures, while there were increases of 163 million yen in accounts receivable-trade and contract assets and 109 million yen in construction in progress.

### Liabilities

Total liabilities at the end of the third quarter decreased 202 million yen from the end of the previous fiscal year to 2,360 million yen. This was mainly due to decreases of 119 million yen in accrued expenses, 89 million yen in long-term advances received and 87 million yen in income taxes payable, while there was an increase of 116 million yen in provision for bonuses.

### Net assets

Total net assets at the end of the third quarter increased 94 million yen from the end of the previous fiscal year to 2,026 million yen. This was mainly due to an increase of 137 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.

## **(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)	Third quarter of FY5/22 (As of Feb. 28, 2022)
Assets		
Current assets		
Cash and deposits	1,897,424	1,622,764
Accounts receivable-trade	570,304	-
Accounts receivable-trade and contract assets	-	734,272
Prepaid expenses	86,965	95,673
Accounts receivable-other	12,681	25,926
Other	12,324	34,243
Allowance for doubtful accounts	(324)	(471)
Total current assets	2,579,375	2,512,408
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,112,829	1,067,387
Tools, furniture and fixtures, net	47,048	42,363
Land	161,735	161,735
Leased assets, net	3,484	2,881
Construction in progress	538	109,920
Total property, plant and equipment	1,325,635	1,384,287
Intangible assets		
Right to use facilities	11,543	10,823
Software	10,268	4,214
Leased assets	7,718	5,055
Software in progress	-	1,650
Other	1,132	1,038
Total intangible assets	30,663	22,781
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	170,696	178,258
Long-term prepaid expenses	120,424	44,051
Deferred tax assets	53,287	46,644
Insurance funds	34,312	35,673
Construction assistance fund receivables	127,801	122,627
Other	53,469	40,624
Total investments and other assets	560,001	467,891
Total non-current assets	1,916,300	1,874,960
Total assets	4,495,676	4,387,369

	(Thousands of yen)	
	FY5/21 (As of May 31, 2021)	Third quarter of FY5/22 (As of Feb. 28, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,362	7,904
Short-term borrowings	-	83,720
Current portion of long-term borrowings	81,600	81,600
Lease obligations	10,781	5,960
Accounts payable-other	85,232	90,561
Accounts payable for equipment investment	1,340	11,779
Accrued expenses	645,763	526,246
Income taxes payable	111,143	23,645
Accrued consumption taxes	126,705	106,432
Advances received	131,855	-
Contract liabilities	-	113,616
Deposits received	144,719	130,574
Provision for bonuses	-	116,530
<b>Total current liabilities</b>	1,347,502	1,298,571
<b>Non-current liabilities</b>		
Long-term borrowings	880,336	819,136
Lease obligations	8,183	4,060
Asset retirement obligations	238,586	239,207
Long-term advances received	89,293	-
<b>Total non-current liabilities</b>	1,216,399	1,062,404
<b>Total liabilities</b>	2,563,902	2,360,976
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	693,263	693,263
Capital surplus	671,433	671,753
Retained earnings	567,078	668,148
Treasury shares	-	(6,772)
<b>Total shareholders' equity</b>	1,931,774	2,026,393
<b>Total net assets</b>	1,931,774	2,026,393
<b>Total liabilities and net assets</b>	4,495,676	4,387,369

**(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 FY5/21 (Jun. 1, 2020 – Feb. 28, 2021)	First nine months of FY5/22 (Jun. 1, 2021 – Feb. 28, 2022)
Net sales	6,076,182	6,786,117
Cost of sales	4,851,807	5,544,032
Gross profit	1,224,374	1,242,085
Selling, general and administrative expenses	928,046	1,033,720
Operating profit	296,327	208,364
Non-operating income		
Interest income	14	17
Subsidy income	8,027	6,606
Subsidy income	1,849	2,265
Miscellaneous income	1,431	1,603
Total non-operating income	11,322	10,493
Non-operating expenses		
Interest expenses	6,262	6,438
Amortization of share issuance costs	1,975	-
Miscellaneous losses	0	990
Total non-operating expenses	8,238	7,428
Ordinary profit	299,411	211,429
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	297,295	211,429
Income taxes-current	99,902	71,085
Income taxes-deferred	(2,300)	2,608
Total income taxes	97,602	73,694
Profit	199,692	137,734
Profit attributable to owners of parent	199,692	137,734

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

(Thousands of yen)

	First nine months of FY5/21 (Jun. 1, 2020 – Feb. 28, 2021)	First nine months of FY5/22 (Jun. 1, 2021 – Feb. 28, 2022)
Profit	199,692	137,734
Comprehensive income	199,692	137,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	199,692	137,734

### **(3) 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 third 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 nine months of the current fiscal year, net sales increased 5,725 thousand yen, cost of sales decreased 6,974 thousand yen, and operating profit, ordinary profit and profit before income taxes increased 12,700 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." 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 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.

## II. First nine months of FY5/22 (Jun. 1, 2021 – Feb. 28, 2022)

## 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	2,042,810	2,092,614	2,650,039	6,785,464	653	6,786,117
Inter-segment sales and transfers	-	-	-	-	-	-
Total	2,042,810	2,092,614	2,650,039	6,785,464	653	6,786,117
Segment profit	72,864	91,483	166,725	331,072	(122,707)	208,364

Notes: 1. The 653 thousand yen adjustment to net sales is sales that cannot be attributed to any reportable segments. The negative adjustment of 122,707 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.*