



July 14, 2022

## Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2022

[Japanese GAAP]

Company name: SERIO HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange  
 Securities code: 6567 URL: <https://www.serio-holdings.co.jp/>  
 Representative: Hisashi Wakahama, President and CEO  
 Contact: Koji Gotani, Director, General Manager, Management Division Tel: +81-6-6442-0500  
 Scheduled date of Annual General Meeting of Shareholders: August 29, 2022  
 Scheduled date of payment of dividend: August 30, 2022  
 Scheduled date of filing of Annual Securities Report: August 29, 2022  
 Preparation of supplementary materials for financial results: Yes  
 Holding of 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 Fiscal Year Ended May 31, 2022 (June 1, 2021 – May 31, 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	%
Fiscal year ended May 31, 2022	9,130	11.1	233	(30.7)	272	(21.1)	173	(22.4)
Fiscal year ended May 31, 2021	8,218	18.3	337	147.1	344	105.5	223	121.3

Note: Comprehensive income Fiscal year ended May 31, 2022: 173 million yen (down 22.4%)

Fiscal year ended May 31, 2021: 223 million yen (up 121.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2022	27.47	-	8.7	6.0	2.6
Fiscal year ended May 31, 2021	35.34	-	12.2	8.2	4.1

Reference: Equity in earnings of affiliates Fiscal year ended May 31, 2022: - Fiscal year ended May 31, 2021: -

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	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	4,627	2,062	44.6	326.26
As of May 31, 2021	4,495	1,931	43.0	305.21

Reference: Shareholders' equity As of May 31, 2022: 2,062 million yen As of May 31, 2021: 1,931 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended May 31, 2022	169	(184)	(13)	1,869
Fiscal year ended May 31, 2021	483	(163)	44	1,897

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended May 31, 2021	-	0.00	-	7.00	7.00	44	19.8	2.3
Fiscal year ended May 31, 2022	-	0.00	-	7.00	7.00	44	25.5	2.2
Fiscal year ending May 31, 2023 (forecast)	-	0.00	-	7.00	7.00		22.7	

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, 2023 (June 1, 2022 – May 31, 2023)

(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	9,640	5.6	300	28.5	300	10.2	195	12.4	30.85

**\* Notes**

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

(2) 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 14 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” for details.

(3) Number of issued shares (common stock)

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

As of May 31, 2022 6,329,400 shares As of May 31, 2021: 6,329,400 shares

2) Number of treasury shares at the end of the period

As of May 31, 2022: 8,627 shares As of May 31, 2021: - shares

3) Average number of shares during the period

Fiscal year ended May 31, 2022: 6,316,662 shares Fiscal year ended May 31, 2021: 6,329,400 shares

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.

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (June 1, 2021 – May 31, 2022)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended May 31, 2022	488	12.1	177	29.0	184	28.8	123	28.9
Fiscal year ended May 31, 2021	435	4.5	137	103.3	142	95.8	95	129.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended May 31, 2022	19.54		-	
Fiscal year ended May 31, 2021	15.14		-	

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) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of May 31, 2022	1,887		1,782		94.5		282.06	
As of May 31, 2021	1,811		1,710		94.4		270.19	

Reference: Shareholders' equity As of May 31, 2022: 1,782 million yen As of May 31, 2021: 1,710 million yen

\* The financial report is not subject to audit 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. Overview of Results of Operations, (4) Outlook” for forecast assumptions and notes of caution for usage.

How to view supplementary materials for quarterly financial results

Supplementary materials for quarterly financial results

Supplementary materials for the financial results will be disclosed today (July 14, 2022), using the Timely Disclosure network (TDnet). SERIO Holdings plans to hold a web conference information meeting for institutional investors and analysts on July 19, 2022. Materials to be distributed at this event will be posted on the SERIO Holdings website on July 19, 2022.

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## 1. Overview of Results of Operations

SERIO Holdings completed the formalities for transition to the Tokyo Stock Exchange's new market segment and was transited to the Growth Market on April 4, 2022 after.

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 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 "3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies."

### (1) Results of Operations

In the fiscal year that ended on May 31, 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. The government's commitment to creating an environment conducive to child-rearing has strengthened following the cabinet's decision to create the "Children and Families Agency" in April 2023.

During the fiscal year, 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. Operating profit decreased primarily for two reasons. First are higher personnel expenses than in 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 the increase in personnel and other expenses associated with the increase in the head office workforce in preparation for strengthening operations over the medium term.

As a result, net sales increased 11.1% year on year to 9,130 million yen. Operating profit was 233 million yen, down 30.7% and ordinary profit was 272 million yen, a decrease of 21.1%. Profit attributable to owners of parent decreased 22.4% to 173 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.

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 an increase in the cost of sales associated with one-time cost of upgrading the IT system environment.

As a result, net sales of this business were 2,694 million yen, up 4.2% year on year, and segment profit was 98 million yen, a decrease of 2.6%.

## 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. There is less impact on the after-school day-care facilities under management as the number of infections has decreased following the lifting of the priority measures to prevent the spread of the COVID-19 pandemic. Now, number of events and activities we hold are returning to the pre-pandemic level as we strive to operate our after-school day-care facilities in a manner that makes children feel at ease and want to continue to attend.

As shown in the table below, the SERIO Group opened eight locations in April 2022, and added an outsourcing contract from one local government agency during the fiscal year. Eight locations were closed because of contract completions and other reasons. As a result, there was no change in the total number of locations. The number of after-school day-care facilities operated by the SERIO Group at the end of May 2022 was 133 for public facilities (operated for local governments), 10 for private elementary schools and one in the private sector, a total of 144.

Sales increased because of the inclusion of the sales of 11 locations opened during the previous fiscal year. Segment profit 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 2,824 million yen, up 10.9% year on year, and segment profit was 114 million yen, a decrease of 27.8%.

### Newly opened after-school day-care facilities during the fiscal year

Name of facility	Location	Opened	Format
Gekkohara Elementary School Ranran Hiroba	Meguro-ku, Tokyo	April 2022	Public-sector after-school child care
Mukaihara Elementary School Ranran Hiroba	Meguro-ku, Tokyo	April 2022	Public-sector after-school child care
Haramachi Elementary School Ranran Hiroba	Meguro-ku, Tokyo	April 2022	Public-sector after-school child care
Oizumi Nishi Elementary School Child Care Club	Nerima-ku, Tokyo	April 2022	Public-sector after-school child care
Sodegaura Nishi Elementary School District After-School Child Care Club	Narashino-shi, Chiba	April 2022	Public-sector after-school child care
Sodegaura Nishi Elementary School After-School Classes	Narashino-shi, Chiba	April 2022	Public-sector after-school child care
Ueda Higashi Elementary School Twilight Room	Tempaku-ku, Nagoya	April 2022	Public-sector after-school child care
Tempaku Elementary School Twilight Room	Tempaku-ku, Nagoya	April 2022	Public-sector after-school child care

## 3) Nursery schools

Although some nursery schools closed temporarily or cancelled some classes 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.

During the fiscal year, the SERIO Group opened three certified nursery schools, as shown in the table below. One community child development support facility was closed because of contract completions. The result was a net increase of two locations. At the end of May 2022, there were 26 certified nursery schools, 11 small certified nursery schools, three nursery schools for companies, and two community child development support facilities, a total of 42 locations.

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. Segment profit was down because personnel and other expenses increased as we added head office workforce to prepare for strengthening operations over the medium term. Higher selling, general and administrative expenses at SERIO Garden Co., Ltd., which operates a greenery business for nursery schools and other schools, also weighed on segment profit.

As a result, net sales of this business were 3,610 million yen, up 17.0% year on year, and segment profit was 172 million yen, a decrease of 15.8%.

Newly opened nursery schools during the fiscal year

Name of facility	Location	Opened	Format
Treasure Kids Honjo Nursery School	Kita-ku, Osaka	April 2022	Certified nursery school
Treasure Kids Issha Nursery School	Meito-ku, Nagoya	April 2022	Certified nursery school
Treasure Kids Tempaku Nursery School	Tempaku-ku, Nagoya	April 2022	Certified nursery school

## (2) Financial Position

### Assets

Total current assets at the end of the fiscal year increased 96 million yen from the end of the previous fiscal year to 2,675 million yen. This was mainly due to a 97 million yen increase in accounts receivable-trade and contract assets, a 27 million yen decrease in cash and deposits and a 15 million yen increase in prepaid expenses. Non-current assets increased 35 million yen to 1,951 million yen. This was mainly due to a 95 million yen increase in property, plant and equipment, and decreases of 8 million yen in intangible assets and 51 million yen in investments and other assets.

As a result, total assets increased 131 million yen from the end of the previous fiscal year to 4,627 million yen.

### Liabilities

Current liabilities at the end of the fiscal year increased 41 million yen from the end of the previous fiscal year to 1,388 million yen. This was mainly due to a 43 million yen increase in accrued expenses, decreases of 41 million yen in accrued consumption taxes, 64 million yen in income taxes payable and 4 million yen in accounts payable-other, and a 70 million yen increase in contract liabilities. Non-current liabilities decreased 39 million yen to 1,176 million yen. This was mainly due to a 31 million yen increase in long-term borrowings, an 89 million yen decrease in long-term advances received and a 22 million yen increase in asset retirement obligations.

As a result, total liabilities increased 1 million yen from the end of the previous fiscal year to 2,565 million yen.

### Net assets

Total net assets at the end of the fiscal year increased 130 million yen from the end of the previous fiscal year to 2,062 million yen. This was mainly due to an increase resulting from profit attributable to owners of parent and a decrease of 44 million yen due to payment of dividends.

Consequently, the capital adequacy ratio was 44.6% (43.0% at the end of the previous fiscal year).

## (3) Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year decreased 27 million yen from the end of the previous fiscal year to 1,869 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 169 million yen, compared with net cash provided of 483 million yen in the previous fiscal year. Main factors include profit before income taxes of 271 million yen, depreciation of 113 million yen, an increase of 84 million yen in trade receivables and contract assets and a decrease of 69 million yen in prepaid expenses.

#### Cash flows from investing activities

Net cash used in investing activities was 184 million yen, compared with net cash used of 163 million yen in the previous fiscal year. Main factors include purchase of property, plant and equipment of 307 million yen, payments of guarantee deposits of 16 million yen and subsidies received of 173 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 13 million yen, compared with net cash provided of 44 million yen in the previous fiscal year. Main factors include dividends paid of 44 million yen, proceeds from long-term borrowings of 130 million yen and repayments of long-term borrowings of 81 million yen.

#### **(4) Outlook**

Following the enactment of the “Child and Family Agency” law in June 2022, the government is expected to position its child-related activities and programs at the core of its social welfare policies and continues to create an environment where the community as a whole supports the healthy development of children.

The SERIO Group will continue to be a source of job opportunities where people with children have many options for working styles. Our activities are guided by our corporate missions of providing support for work-family balance and support for the sound growth and development of children.

Another goal of this fiscal year is building a more powerful infrastructure to support the growth of the after-school day-care and nursing school businesses. We want to operate after-school facilities that children want to continue to attend and that parents choose over others because they know they can rely on the SERIO Group for excellent services.

Beginning in April 2022, we plan to open about five certified nursery schools and about 10 after-school day-care facilities. We expect that the impact of the COVID-19 pandemic will be insignificant in the fiscal year ending May 31, 2023 under the assumption that measures to seek a balance between public health and the economy will swing into high gear.

In the fiscal year ending in May 2023, we forecast a 5.6% increase in net sales to 9,640 million yen, a 28.5% increase in operating profit to 300 million yen, a 10.2% increase in ordinary profit to 300 million yen, and a 12.4% increase in profit attributable to owners of parent to 195 million yen. This forecast is based on the following assumptions.

##### 1) Net sales

In the employment assistance business, the forecast for sales is the sum of the outlook for sales from temporary staffing and other services provided to existing customers and, based on sales from new customers in prior years, the plan for sales from new customers. This results in a sales forecast of 2,855 million yen, 5.9% higher than in the previous fiscal year.

In the after-school day-care business, sales consist of contractual outsourcing fees paid by local governments and schools and utilization fees paid by parents and guardians of children using day-care facilities. We have a sales plan for outsourcing expenses for each local government contract and a forecast for the number of children. Based on this outlook, we forecast a 2.5% increase in sales to 2,895 million yen.

In the nursery school business, our sales forecast includes payments received in accordance with standards of the national government and additional payments received in accordance with standards of local governments, where applicable. National government payments change depending on the number of children using each location. As a result, the number of children is a key indicator used for the management of facilities in the nursing school business.

The sales forecast is calculated by using the outlook for changes in sales from current facilities and the growth in sales from new nursery schools. In addition, we use the outlook for changes in the number of children and the outlook for changes in the sales addition ratio caused by the number of years of service of instructors in order to calculate a forecast for the change in sales. This process results in a sales forecast of 3,890 million yen, 7.7% higher than in the previous fiscal year. Risk factors involving the opening of new nursery schools may affect results of operations. For example, the global pandemic or other events may prevent procuring building materials

for new schools or may stop the construction of these schools.

## 2) Operating profit

The operating profit forecast is determined by using the plans for the cost of sales and selling, general and administrative expenses which are based on the outlook for sales.

Personnel expenses are the primary component of both the cost of sales and selling, general and administrative expenses. As a result, the forecasts for these expenses incorporate salaries and the cost of legally required benefits for the current personnel as well as the personnel plan for new after-school day-care facilities and nursery schools. For the fiscal year ending May 31, 2023, we do not expect any events, such as an order to close all elementary schools or a large number of nursery schools, that significantly affect the business climate.

## 3) Ordinary profit

The ordinary profit reflects the outlook for non-operating income and expenses. In the fiscal year ending in May 2023, we do not expect to receive government employment adjustment subsidies and other payments associated with the pandemic.

## 4) Profit attributable to owners of parent

The forecast for profit attributable to owners of parent reflects the outlook for extraordinary income and losses and tax expenses.

The above forecasts were prepared based on information available at the release of these materials. Actual results may differ from the forecasts for a number of reasons.

## **(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years**

Distributing profits to shareholders is one of the highest priorities of SERIO Holdings. The basic policy is to pay a consistent and stable dividend by comprehensively taking into account the payout ratio while retaining sufficient earnings for activities for rapid growth and other measures for business operations.

In accordance with the dividend policy, shareholders at the general shareholders meeting to be held on August 29, 2022 will be asked to approve a resolution to pay a fiscal year-end dividend of 7 yen per share. We plan to pay a fiscal year-end dividend of 7 yen per share based on the business results for the current fiscal year and the outlook for next fiscal year.

## **2. Basic Approach to the Selection of Accounting Standards**

The SERIO Holdings Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers in Japan.



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

	(Thousands of yen)	
	FY5/21	FY5/22
	(As of May 31, 2021)	(As of May 31, 2022)
Assets		
Current assets		
Cash and deposits	1,897,424	1,869,535
Accounts receivable-trade	570,304	513,554
Contract assets	-	154,165
Prepaid expenses	86,965	102,867
Accounts receivable-other	12,681	11,990
Other	12,324	24,101
Allowance for doubtful accounts	(324)	(562)
Total current assets	2,579,375	2,675,652
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,112,829	1,178,613
Tools, furniture and fixtures, net	47,048	63,975
Land	161,735	161,735
Leased assets, net	3,484	2,680
Construction in progress	538	14,374
Total property, plant and equipment	1,325,635	1,421,378
Intangible assets		
Right to use facilities	11,543	10,583
Software	10,268	6,697
Leased assets	7,718	4,202
Other	1,132	1,007
Total intangible assets	30,663	22,490
Investments and other assets		
Investments in capital	10	10
Guarantee deposits	170,696	187,027
Long-term prepaid expenses	120,424	64,930
Deferred tax assets	53,287	53,689
Insurance funds	34,312	35,674
Construction assistance fund receivables	127,801	120,903
Other	53,469	45,783
Total investments and other assets	560,001	508,017
Total non-current assets	1,916,300	1,951,886
Total assets	4,495,676	4,627,539

	(Thousands of yen)	
	FY5/21	FY5/22
	(As of May 31, 2021)	(As of May 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,362	11,455
Current portion of long-term borrowings	81,600	98,064
Lease liabilities	10,781	5,264
Accounts payable-other	85,232	81,009
Accounts payable for equipment investment	1,340	12,053
Accrued expenses	645,763	689,170
Income taxes payable	111,143	46,383
Accrued consumption taxes	126,705	85,475
Advances received	131,855	-
Contract liabilities	-	202,755
Deposits received	144,719	157,203
<b>Total current liabilities</b>	<b>1,347,502</b>	<b>1,388,834</b>
<b>Non-current liabilities</b>		
Long-term borrowings	880,336	912,272
Lease liabilities	8,183	2,918
Asset retirement obligations	238,586	261,322
Long-term advances received	89,293	-
<b>Total non-current liabilities</b>	<b>1,216,399</b>	<b>1,176,513</b>
<b>Total liabilities</b>	<b>2,563,902</b>	<b>2,565,348</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	703,946
Treasury shares	-	(6,772)
<b>Total shareholders' equity</b>	<b>1,931,774</b>	<b>2,062,190</b>
<b>Total net assets</b>	<b>1,931,774</b>	<b>2,062,190</b>
<b>Total liabilities and net assets</b>	<b>4,495,676</b>	<b>4,627,539</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY5/21 (Jun. 1, 2020 – May 31, 2021)	FY5/22 (Jun. 1, 2021 – May 31, 2022)
Net sales	8,218,529	9,130,846
Cost of sales	6,587,271	7,499,537
Gross profit	1,631,258	1,631,308
Selling, general and administrative expenses	1,293,749	1,397,512
Operating profit	337,508	233,795
Non-operating income		
Interest income	15	17
Subsidy income	8,593	13,217
Subsidy income	6,951	32,864
Miscellaneous income	2,444	1,987
Total non-operating income	18,005	48,086
Non-operating expenses		
Interest expenses	8,653	8,686
Amortization of share issuance costs	1,994	-
Miscellaneous losses	49	992
Total non-operating expenses	10,696	9,679
Ordinary profit	344,817	272,202
Extraordinary income		
Subsidy income	304,933	143,460
Total extraordinary income	304,933	143,460
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	304,933	143,460
Loss on retirement of non-current assets	2,116	272
Total extraordinary losses	307,049	143,732
Profit before income taxes	342,701	271,930
Income taxes-current	142,410	102,832
Income taxes-deferred	(23,383)	(4,435)
Total income taxes	119,026	98,397
Profit	223,674	173,532
Profit attributable to owners of parent	223,674	173,532

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY5/21 (Jun. 1, 2020 – May 31, 2021)	FY5/22 (Jun. 1, 2021 – May 31, 2022)
Profit	223,674	173,532
Comprehensive income	223,674	173,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	223,674	173,532

**(3) Consolidated Statement of Changes in Equity**

FY5/21 (Jun. 1, 2020 – May 31, 2021)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	693,263	671,433	362,391	-	1,727,087	1,727,087
Cumulative effects of changes in accounting policies					-	-
Restated balance	693,263	671,433	362,391	-	1,727,087	1,727,087
Changes during period						
Dividends of surplus			(18,988)	-	(18,988)	(18,988)
Profit attributable to owners of parent			223,674		223,674	223,674
Purchase of treasury shares					-	-
Disposal of treasury shares					-	-
Net changes in items other than shareholders' equity						-
Total changes during period	-	-	204,686	-	204,686	204,686
Balance at end of period	693,263	671,433	567,078	-	1,931,774	1,931,774

FY5/22 (Jun. 1, 2021 – May 31, 2022)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	693,263	671,433	567,078	-	1,931,774	1,931,774
Cumulative effects of changes in accounting policies			7,641		7,641	7,641
Restated balance	693,263	671,433	574,719	-	1,939,415	1,939,415
Changes during period						
Dividends of surplus			(44,305)		(44,305)	(44,305)
Profit attributable to owners of parent			173,532		173,532	173,532
Purchase of treasury shares				(23,550)	(23,550)	(23,550)
Disposal of treasury shares		320		16,777	17,098	17,098
Net changes in items other than shareholders' equity						-
Total changes during period	-	320	129,226	(6,772)	122,775	122,775
Balance at end of period	693,263	671,753	703,946	(6,772)	2,062,190	2,062,190

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY5/21 (Jun. 1, 2020 – May 31, 2021)	FY5/22 (Jun. 1, 2021 – May 31, 2022)
Cash flows from operating activities		
Profit before income taxes	342,701	271,930
Depreciation	97,302	113,648
Amortization of long-term prepaid expenses	3,026	5,265
Loss on tax purpose reduction entry of non-current assets	304,933	143,460
Subsidy income	(304,933)	(172,710)
Increase (decrease) in allowance for doubtful accounts	68	237
Interest and dividend income	(15)	(17)
Interest expenses	8,653	8,686
Decrease (increase) in trade receivables	17,150	-
Decrease (increase) in trade receivables and contract assets	-	(84,603)
Decrease (increase) in prepaid expenses	(127,214)	69,806
Decrease (increase) in other assets	(18,179)	(14,517)
Increase (decrease) in trade payables	5,018	3,093
Increase (decrease) in advances received	98,998	-
Increase (decrease) in contract liabilities	-	(18,393)
Increase (decrease) in accounts payable-other	28,878	(4,256)
Increase (decrease) in accrued expenses	77,065	43,406
Increase (decrease) in deposits received	(17,164)	12,480
Increase (decrease) in accrued consumption taxes	65,299	(41,747)
Other, net	19,291	19,072
Subtotal	600,880	354,840
Interest received	15	17
Interest paid	(8,860)	(8,704)
Income taxes paid	(108,228)	(176,654)
Net cash provided by (used in) operating activities	483,806	169,499
Cash flows from investing activities		
Purchase of property, plant and equipment	(453,795)	(307,624)
Subsidies received	311,323	173,501
Proceeds from collection of construction assistance fund receivables	6,747	6,897
Purchase of intangible assets	(789)	(3,877)
Proceeds from refund of guarantee deposits	6,836	561
Payments of guarantee deposits	(29,393)	(16,891)
Other, net	(4,075)	(36,816)
Net cash provided by (used in) investing activities	(163,147)	(184,249)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(134,100)	-
Proceeds from long-term borrowings	279,250	130,000
Repayments of long-term borrowings	(68,506)	(81,600)
Dividends paid	(18,988)	(44,305)
Purchase of treasury shares	-	(23,550)
Proceeds from disposal of treasury shares	-	17,098
Repayments of lease liabilities	(12,712)	(10,781)
Net cash provided by (used in) financing activities	44,943	(13,138)
Net increase (decrease) in cash and cash equivalents	365,602	(27,888)
Cash and cash equivalents at beginning of period	1,531,821	1,897,424
Cash and cash equivalents at end of period	1,897,424	1,869,535

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Accounting Policies in the Preparation of Consolidated Financial Statements**

## 1. Scope of consolidation

Number of consolidated subsidiaries: 2

Names of consolidated subsidiaries:

SERIO Co., Ltd.

SERIO Garden Co., Ltd.

## 2. Application of the equity method

Not applicable.

## 3. Fiscal years of consolidated subsidiaries

The fiscal year of all consolidated subsidiaries ends on the closing date of consolidated financial statements.

## 4. Accounting policies

## (1) Depreciation and amortization of principal assets

## a. Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding attached facilities) acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016 on which depreciation is calculated by the straight-line method.

Useful lives of principle assets are as follows:

Buildings and structures: 3 - 34 years

Tools, furniture and fixtures: 3 - 15 years

## b. Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method.

Software for internal use is amortized over an expected useful life of five years by the straight-line method.

## c. Leased assets

Leased assets associated with finance lease transactions where there is no transfer of ownership are depreciated using the straight-line method over the lease term with no residual value.

## (2) Accounting for reduction entry of subsidies, etc.

The Group receives subsidies from local governments.

These subsidies are recorded by directly deducting the amount equivalent to the relevant subsidy from the acquisition cost of the acquired non-current assets upon completion of construction.

In the consolidated statement of income, the amount of subsidy received is recorded as subsidy income in extraordinary income, and the amount directly deducted from the acquisition cost of non-current assets is recorded as loss on tax purpose reduction entry of non-current assets in extraordinary losses.

## (3) Recognition of significant allowances

## Allowance for doubtful accounts

Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio and bad receivables based on case-by-case determination of collectibility.

## (4) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible and present insignificant risk of change in value.

## 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 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 beginning of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, in the current fiscal year, net sales and cost of sales decreased 9,183 thousand yen each, and there are no effects on operating profit, ordinary profit and profit before income taxes. 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 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 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 consolidated financial statements.

## Segment Information

### 1. Overview of reportable segments

Segments used for financial reporting are the SERIO Holdings Group’s constituent units for which separate financial information is available and for which Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The business operations of the SERIO Holdings Group consist of three reportable segments, which are the business units used for the management of earnings: employment assistance, after-school day care, and nursery schools.

- (1) Employment assistance: Working style support that match the needs of each individual
- (2) After-school day care: After-school child care for public and private schools
- (3) Nursery schools: Operation of certified child welfare facilities

### 2. Calculation method for net sales, profit, assets, and other items for each reportable segment

The accounting method used for reportable business segments are generally the same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable business segments are operating profit figures.



## Application of Accounting Standard for Revenue Recognition

As stated in the “Changes in Accounting Policies,” SERIO Holdings has applied the Accounting Standard for Revenue Recognition from the beginning of the current fiscal year and changed the accounting method for revenue recognition, and therefore, the measurement method for profit or loss in the reportable segments has been changed as well. There is no effect of the application of this standard on the consolidated financial statements.

## 3. Information related to net sales, profit, assets, and other items for each reportable segment

FY5/21 (Jun. 1, 2020 - May 31, 2021)

(Thousands of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on consolidated financial statements
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	2,585,802	2,547,077	3,085,650	8,218,529	-	8,218,529
Inter-segment sales and transfers	-	-	-	-	-	-
Total	2,585,802	2,547,077	3,085,650	8,218,529	-	8,218,529
Segment profit	101,236	157,953	205,228	464,418	(126,910)	337,508
Segment assets	515,571	428,103	2,111,617	3,055,292	1,440,384	4,495,676
Other items						
Depreciation	1,652	2,483	76,705	80,840	16,462	97,302
Extraordinary income	-	-	304,933	304,933	-	304,933
(Subsidy income)	( - )	( - )	( 304,933)	( 304,933)	( - )	( 304,933)
Extraordinary losses	2,116	-	304,933	307,049	-	307,049
(Loss on tax purpose reduction entry of non-current assets)	( - )	( - )	( 304,933)	( 304,933)	( - )	( 304,933)
(Loss on retirement of non-current assets)	( 2,116)	( - )	( - )	( 2,116)	( - )	( 2,116)
Increase in property, plant and equipment and intangible assets	4,001	4,442	161,798	170,242	11,569	181,812

FY5/22 (Jun. 1, 2021 - May 31, 2022)

(Thousands of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on consolidated financial statements
	Employment assistance	After-school day care	Nursery schools	Total		
Net sales						
External sales	2,694,944	2,824,582	3,610,665	9,130,192	653	9,130,846
Inter-segment sales and transfers	-	-	-	-	-	-
Total	2,694,944	2,824,582	3,610,665	9,130,192	653	9,130,846
Segment profit	98,624	114,079	172,798	385,502	(151,706)	233,795
Segment assets	532,599	624,114	2,328,448	3,485,161	1,142,377	4,627,539
Other items						
Depreciation	1,646	3,294	93,358	98,300	15,348	113,648
Extraordinary income	-	-	143,460	143,460	-	143,460
(Subsidy income)	( - )	( - )	( 143,460)	( 143,460)	( - )	( 143,460)
Extraordinary losses		115	143,617	143,732	-	143,732
(Loss on tax purpose reduction entry of non-current assets)	( - )	( - )	( 143,460)	( 143,460)	( - )	( 143,460)
(Loss on retirement of non-current assets)	( - )	( 115)	( 157)	( 272)	( - )	( 272)
Increase in property, plant and equipment and intangible assets	3,229	6,087	177,270	186,587	232	186,819

Note: Contents of adjustments are as follows.

(Thousands of yen)

Profit	FY5/21	FY5/22
Total for reportable segments	464,418	385,502
Elimination of inter-segment transactions	-	
Corporate expenses (Note)	(126,910)	(151,706)
Operating profit in consolidated financial statements	337,508	233,795

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

(Thousands of yen)

Profit	FY5/21	FY5/22
Total for reportable segments	3,055,292	3,485,161
Corporate assets (Note)	1,440,384	1,142,377
Total assets in consolidated financial statements	4,495,676	4,627,539

Note: Corporate assets mainly include head office assets that cannot be attributed to any reportable segments.

(Thousands of yen)

Other items	Total for reportable segments		Others		Adjustment		Amounts shown on consolidated financial statements	
	FY5/21	FY5/22	FY5/21	FY5/22	FY5/21	FY5/22	FY5/21	FY5/22
Depreciation	80,840	98,300	-	-	16,462	15,348	97,302	113,648
Extraordinary income (Subsidy income)	304,933 ( 304,933)	143,460 ( 143,460)	- ( -)	- ( -)	- ( -)	- ( -)	304,933 ( 304,933)	143,460 ( 143,460)
Extraordinary losses (Loss on tax purpose reduction entry of non-current assets) (Loss on retirement of non-current assets)	307,049 ( 304,933)	143,732 ( 143,460)	- ( -)	- ( -)	- ( -)	- ( -)	307,049 ( 304,933)	143,732 ( 143,460)
Increase in property, plant and equipment and intangible assets	170,242	186,587	-	-	11,569	232	181,812	186,819

Note: The adjustment to depreciation includes depreciation of head office assets that cannot be attributed to any reportable segments.

The adjustment to an increase in property, plant and equipment and intangible assets is related to head office assets.

**Per Share Information**

(Yen)

	FY5/21 (Jun. 1, 2020 – May 31, 2021)	FY5/22 (Jun. 1, 2021 – May 31, 2022)
Net assets per share	305.21	326.26
Earnings per share	35.34	27.47

Notes: 1. Diluted earnings per share are not shown because there were no dilutive common stock equivalents.

2. 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.

3. The basis of calculating earnings per share is as follows:

	FY5/21 (Jun. 1, 2020 – May 31, 2021)	FY5/22 (Jun. 1, 2021 – May 31, 2022)
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	223,674	173,532
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	223,674	173,532
Average number of shares outstanding of common stock (Shares)	6,329,400	6,316,662

**Subsequent Events**

Not applicable.

*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.*