



April 13, 2023

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending May 31, 2023  
(Nine Months Ended February 28, 2023)**

[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 filing of Quarterly Report: April 13, 2023  
 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, 2023  
(June 1, 2022 – February 28, 2023)**

(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, 2023 | 7,119       | 4.9  | 119              | (42.8) | 138             | (34.6) | 90                                      | (34.1) |
| Nine months ended Feb. 28, 2022 | 6,786       | 11.7 | 208              | (29.7) | 211             | (29.4) | 137                                     | (31.0) |

Note: Comprehensive income  
 Nine months ended Feb. 28, 2023: 90 million yen (down 34.1%)  
 Nine months ended Feb. 28, 2022: 137 million yen (down 31.0%)

|                                 | Earnings per share | Diluted earnings per share |
|---------------------------------|--------------------|----------------------------|
|                                 | Yen                | Yen                        |
| Nine months ended Feb. 28, 2023 | 14.35              | -                          |
| Nine months ended Feb. 28, 2022 | 21.81              | -                          |

Note: 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, 2023 | 4,608        | 2,108       | 45.8         |
| As of May 31, 2022  | 4,627        | 2,062       | 44.6         |

Reference: Shareholders' equity As of Feb. 28, 2023: 2,108 million yen As of May 31, 2022: 2,062 million yen

**2. Dividends**

|  | Dividend per share |          |        |          |          |
|--|--------------------|----------|--------|----------|----------|
|  | 1Q-end             | 2Q-end   | 3Q-end | Year-end | Total    |
| Fiscal year ended May 31, 2022             | Yen -              | Yen 0.00 | Yen -  | Yen 7.00 | Yen 7.00 |
| Fiscal year ending May 31, 2023            | -                  | 0.00     | -      | -        | -        |
| Fiscal year ending May 31, 2023 (forecast) | -                  | -        | -      | 7.00     | 7.00     |

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

**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 | 160              | (31.6) | 165             | (39.4) | 108                                     | (37.7) | 17.10              |

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

**\* Notes**

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

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

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

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

(4) Number of issued shares (common stock)

- |   |                  |                                  |                  |
|---|------------------|----------------------------------|------------------|
| 1) Number of shares issued at the end of the period (including treasury shares) |                  |                                  |                  |
| As of Feb. 28, 2023   | 6,329,400 shares | As of May 31, 2022               | 6,329,400 shares |
| 2) Number of treasury shares at the end of the period                           |                  |                                  |                  |
| As of Feb. 28, 2023:  | 10,939 shares    | As of May 31, 2022:              | 8,627 shares     |
| 3) Average number of shares during the period                                   |                  |                                  |                  |
| Nine months ended Feb. 28, 2023:  | 6,319,920 shares | Nine months ended Feb. 28, 2022: | 6,315,276 shares |

\* 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, 2023), 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, 2023.

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year (June 1, 2022 to February 28, 2023), the impact of the COVID-19 pandemic continued and there was gradual normalization of socio-economic activities as restrictions on movement of people were eased but raw material and energy prices continued to soar. As a result, the outlook for the business climate of the SERIO Holdings Group remained unclear.

Dramatic changes involving children and households in Japan are occurring, notably reluctance of people to send children to a nursery school because of the pandemic, the decline in the number of marriages, and increasing number of couples with few or no children. 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 Fiscal 2024. The April 2023 establishment of the Children and Families Agency is expected to increase the ability of the government to implement policies from the standpoint of children and people who raise children.

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 are continuing to strengthen the infrastructures for the after-school day-care and nursery school businesses in order to increase the number of facilities in regions of Japan where demand for child-raising support services is strong.

Sales increased because of the sales at nursery schools opened in April 2022 and an increase in the number of children at existing nursery schools. Operating profit decreased. One reason is an increase in the cost of sales ratio because of higher labor costs as instructors were hired to accommodate more children during the current fiscal year. Lower sales in the employment assistance business because of the absence of large projects that contributed to earnings one year earlier, the pandemic and other reasons and more head office workforce to establish a framework for adding more after-school day-care facilities and nursery schools during the next several years also held down earnings.

As a result, net sales increased 4.9% year on year to 7,119 million yen. Operating profit was 119 million yen, down 42.8% and ordinary profit was 138 million yen, a decrease of 34.6%. Profit attributable to owners of parent decreased 34.1% to 90 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 making it possible for more women to work in a way 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.

Sales decreased because of the contribution of large projects to sales one year earlier, the impact of the COVID-19 pandemic and a large number of people who were unable to do their jobs at call centers because of the decline in working hours due to a large number of absences caused by illnesses. In addition, we were unable to hire people required to fill new orders for temporary staffing as quickly as planned. Earnings were lower because of the downturn in sales. Due to the large volume of new types of sources of demand for temporary staffing, we will work even harder on recruiting people for temporary assignments.

As a result, net sales of this business were 1,852 million yen, down 9.3% year on year, and segment profit was 46 million yen, a decrease of 36.3%.

#### 2) After-school day care

We are continuing to operate after-school day-care facilities while strictly following the pandemic safety guidelines in order to allow people to use these facilities with confidence. The number of events and activities we hold are gradually returning to the pre-pandemic level as we operate our after-school day-care facilities in a manner that

makes children feel at ease and want to continue to attend.

The number of after-school day-care facilities operated by the SERIO Group at the end of February 2023 was 133 for public sector (operated for local governments), 10 for private elementary schools and two in the private sector, a total of 144. In April 2023, we plan to add 26 public-sector day care facilities. The number of new locations was much higher than the initial plan and preparations are continuing for the addition of more locations.

Sales increased because of higher rates charged to municipalities to reflect higher salaries for facility staff, more classrooms due to the larger number of children at existing locations and the ability to base fees at public-sector facilities on the cost of operations, and an increase in the receipt of preparation outsourcing payments because of the increase in the number of new locations. There was no change in the number of day care facilities since the end of the previous fiscal year. Earnings were down because of higher recruiting expenses for personnel required during the elementary school summer vacation period, staffing for the increasing number of new schools, and increases in the head office workforce for strengthening operations from a medium-term perspective.

As a result, net sales of this business were 2,176 million yen, up 4.0% year on year, and segment profit was 84 million yen, a decrease of 7.9%.

### 3) Nursery schools

Although some nursery schools closed temporarily or cancelled some classes in the first half because of the pandemic, operations are returning to normal.

As of April 1, 2022, there were 2,944 preschool children in Japan who were waiting for a nursery school opening. This is a decrease of 2,690 from one year earlier. Demand for nursery schools is expected to remain strong because of the increasing workforce participation rate of women. Currently, 50.9% of preschool children in Japan are using a nursery school or other care facility, 1.5 percentage point higher than one year earlier.

The number of children using a SERIO Holdings Group facility is continuing to increase. As of the end of February 2023, there were 43 locations in this business: 26 certified nursery schools, 11 small certified nursery schools, three nursery schools for companies, and three community child-development support facilities, including one location that opened in October 2022. In April 2023, we plan to add seven locations: three certified nursery schools, one small certified nursery school, two nursery schools for companies and one facility where we are the designated manager. The number of new locations was much higher than the initial plan and preparations are continuing for the addition of more locations.

SERIO Garden Co., Ltd., which operates a greenery business for nursery schools and other schools, plans to place greenery at 20 locations during the fiscal year ending in May 2023. With orders that include a large project for a high school athletic field, this company is growing steadily.

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. Sales increased because of the larger number of children resulting from measures to build a stronger framework for the operation of existing locations. Earnings decreased mainly because of higher labor costs in order to significantly increase the number of children in nursery schools during the current fiscal year and higher personnel expenses for raising the head office workforce for the medium-term strengthening of the infrastructure for business operations.

As a result, net sales of this business were 3,091 million yen, up 16.7% year on year, and segment profit was 122 million yen, a decrease of 26.5%.

## (2) Explanation of Financial Position

### Assets

Total assets at the end of the third quarter decreased 19 million yen from the end of the previous fiscal year to 4,608 million yen. This was mainly due to increases of 220 million yen in construction in progress and 52 million yen in accounts receivable-trade and contract assets. There were decreases of 344 million yen in cash and deposits and 56 million yen in buildings and structures.

### Liabilities

Total liabilities at the end of the third quarter decreased 65 million yen from the end of the previous fiscal year to 2,499 million yen. This was mainly due to increases of 132 million yen in short-term borrowings and 116 million yen in provision for bonuses, while there were decreases of 165 million yen in accrued expenses and 81 million yen in contract liabilities.

### Net assets

Total net assets at the end of the third quarter increased 46 million yen from the end of the previous fiscal year to 2,108 million yen. This was mainly due to an increase of 90 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**

The consolidated forecast for the fiscal year ending May 31, 2023 remains unchanged from the consolidated forecast announced on January 13, 2023 in the “Notice of Revisions to the Consolidated Forecast for the Fiscal Year Ending May 31, 2023.”

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

(Thousands of yen)

|  | FY5/22<br>(As of May 31, 2022) | Third quarter of FY5/23<br>(As of Feb. 28, 2023) |
|--|--------------------------------|--|
| <b>Assets</b>                              |                                |  |
| <b>Current assets</b>                      |                                |  |
| Cash and deposits                          | 1,869,535                      | 1,524,671  |
| Trade receivables and contract asset       | 667,720                        | 720,064  |
| Prepaid expenses                           | 102,867                        | 100,635  |
| Accounts receivable-other                  | 11,990                         | 48,008   |
| Other                                      | 24,101                         | 37,371   |
| Allowance for doubtful accounts            | (562)                          | (933)  |
| <b>Total current assets</b>                | <b>2,675,652</b>               | <b>2,429,818</b>                                 |
| <b>Non-current assets</b>                  |                                |  |
| <b>Property, plant and equipment</b>       |                                |  |
| Buildings and structures, net              | 1,178,613                      | 1,122,397  |
| Tools, furniture and fixtures, net         | 63,975                         | 74,109   |
| Land                                       | 161,735                        | 161,735  |
| Leased assets, net                         | 2,680                          | 2,077  |
| Construction in progress                   | 14,374                         | 235,173  |
| <b>Total property, plant and equipment</b> | <b>1,421,378</b>               | <b>1,595,492</b>                                 |
| <b>Intangible assets</b>                   |                                |  |
| Right to use facilities                    | 10,583                         | 13,133   |
| Software                                   | 6,697                          | 4,514  |
| Leased assets                              | 4,202                          | 1,644  |
| Other                                      | 1,007                          | 913  |
| <b>Total intangible assets</b>             | <b>22,490</b>                  | <b>20,206</b>                                    |
| <b>Investments and other assets</b>        |                                |  |
| Investment securities                      | -                              | 30,000   |
| Investments in capital                     | 10                             | 10   |
| Guarantee deposits                         | 187,027                        | 238,799  |
| Long-term prepaid expenses                 | 64,930                         | 54,682   |
| Deferred tax assets                        | 53,689                         | 54,246   |
| Insurance funds                            | 35,674                         | 37,035   |
| Construction assistance fund receivables   | 120,903                        | 115,730  |
| Other                                      | 45,783                         | 32,511   |
| <b>Total investments and other assets</b>  | <b>508,017</b>                 | <b>563,014</b>                                   |
| <b>Total non-current assets</b>            | <b>1,951,886</b>               | <b>2,178,714</b>                                 |
| <b>Total assets</b>                        | <b>4,627,539</b>               | <b>4,608,533</b>                                 |

|   | (Thousands of yen)             |  |
|---|--------------------------------|--|
|   | FY5/22<br>(As of May 31, 2022) | Third quarter of FY5/23<br>(As of Feb. 28, 2023) |
| Liabilities                               |                                |  |
| Current liabilities                       |                                |  |
| Accounts payable-trade                    | 11,455                         | 11,382   |
| Short-term borrowings                     | -                              | 132,325  |
| Current portion of long-term borrowings   | 98,064                         | 98,064   |
| Lease liabilities                         | 5,264                          | 2,575  |
| Accounts payable-other                    | 81,009                         | 118,880  |
| Accounts payable for equipment investment | 12,053                         | 49,764   |
| Dividends payable                         | -                              | 662  |
| Accrued expenses                          | 689,170                        | 523,510  |
| Income taxes payable                      | 46,383                         | 17,308   |
| Accrued consumption taxes                 | 85,475                         | 70,208   |
| Contract liabilities                      | 202,755                        | 121,076  |
| Deposits received                         | 157,203                        | 135,187  |
| Provision for bonuses                     | -                              | 116,745  |
| Total current liabilities                 | 1,388,834                      | 1,397,692  |
| Non-current liabilities                   |                                |  |
| Long-term borrowings                      | 912,272                        | 838,724  |
| Lease liabilities                         | 2,918                          | 1,485  |
| Asset retirement obligations              | 261,322                        | 261,984  |
| Total non-current liabilities             | 1,176,513                      | 1,102,193  |
| Total liabilities                         | 2,565,348                      | 2,499,885  |
| Net assets                                |                                |  |
| Shareholders' equity                      |                                |  |
| Share capital                             | 693,263                        | 693,263  |
| Capital surplus                           | 671,753                        | 671,753  |
| Retained earnings                         | 703,946                        | 750,402  |
| Treasury shares                           | (6,772)                        | (6,772)  |
| Total shareholders' equity                | 2,062,190                      | 2,108,647  |
| Total net assets                          | 2,062,190                      | 2,108,647  |
| Total liabilities and net assets          | 4,627,539                      | 4,608,533  |



**(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 FY5/22<br>(Jun. 1, 2021 – Feb. 28, 2022) | First nine months of FY5/23<br>(Jun. 1, 2022 – Feb. 28, 2023) |
| Net sales   | 6,786,117   | 7,119,946   |
| Cost of sales   | 5,544,032   | 5,909,897   |
| Gross profit  | 1,242,085   | 1,210,048   |
| Selling, general and administrative expenses              | 1,033,720   | 1,090,805   |
| Operating profit  | 208,364   | 119,242   |
| Non-operating income                                      |   |   |
| Interest income   | 17  | 15  |
| Interest on securities                                    | -   | 5   |
| Subsidy income  | 6,606   | 23,473  |
| Subsidy income  | 2,265   | 4,141   |
| Miscellaneous income                                      | 1,603   | 1,768   |
| Total non-operating income                                | 10,493  | 29,405  |
| Non-operating expenses                                    |   |   |
| Interest expenses   | 6,438   | 6,433   |
| Settlement payments                                       | 500   | 2,450   |
| Miscellaneous losses                                      | 490   | 1,531   |
| Total non-operating expenses                              | 7,428   | 10,414  |
| Ordinary profit   | 211,429   | 138,233   |
| Extraordinary income                                      |   |   |
| Subsidy income  | -   | 8,683   |
| Total extraordinary income                                | -   | 8,683   |
| Extraordinary losses                                      |   |   |
| Loss on tax purpose reduction entry of non-current assets | -   | 8,683   |
| Loss on retirement of non-current assets                  | -   | 613   |
| Total extraordinary losses                                | -   | 9,296   |
| Profit before income taxes                                | 211,429   | 137,620   |
| Income taxes-current                                      | 71,085  | 47,475  |
| Income taxes-deferred                                     | 2,608   | (556)   |
| Total income taxes  | 73,694  | 46,918  |
| Profit  | 137,734   | 90,701  |
| Profit attributable to owners of parent                   | 137,734   | 90,701  |

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

|   | (Thousands of yen)  |   |
|---|---|---|
|   | First nine months of FY5/22<br>(Jun. 1, 2021 – Feb. 28, 2022) | First nine months of FY5/23<br>(Jun. 1, 2022 – Feb. 28, 2023) |
| Profit  | 137,734   | 90,701  |
| Comprehensive income                                  | 137,734   | 90,701  |
| Comprehensive income attributable to                  |   |   |
| Comprehensive income attributable to owners of parent | 137,734   | 90,701  |

**(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 FY5/22 (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<br>(Note 1) | Amounts shown on<br>quarterly consolidated<br>statement of income<br>(Note 2) |
|--------------------------------------|--------------------------|--------------------------|--------------------|-----------|------------------------|---|
|                                      | Employment<br>assistance | After-school<br>day care | Nursery<br>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<br>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.

## II. First nine months of FY5/23 (Jun. 1, 2022 – Feb. 28, 2023)

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

|                                      | Reportable segment       |                          |                    |           | Adjustment<br>(Note 1) | Amounts shown on<br>quarterly consolidated<br>statement of income<br>(Note 2) |
|--------------------------------------|--------------------------|--------------------------|--------------------|-----------|------------------------|---|
|                                      | Employment<br>assistance | After-school<br>day care | Nursery<br>schools | Total     |                        |   |
| Net sales                            |                          |                          |                    |           |                        |   |
| External sales                       | 1,852,307                | 2,176,136                | 3,091,501          | 7,119,946 | -                      | 7,119,946   |
| Inter-segment sales and<br>transfers | 400                      | -                        | -                  | 400       | (400)                  | -   |
| Total                                | 1,852,707                | 2,176,136                | 3,091,501          | 7,120,346 | (400)                  | 7,119,946   |
| Segment profit                       | 46,444                   | 84,222                   | 122,555            | 253,223   | (133,980)              | 119,242   |

Notes: 1. The negative adjustment of 400 thousand yen to net sales is elimination for inter-segment transactions. The negative adjustment of 133,980 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.*