

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2022
(From June 1, 2021 to May 31, 2022)
[Japanese GAAP]

July 12, 2022

Company Name: ERI Holdings Co., Ltd. Listing Exchanges: First section of the Tokyo Stock Exchange
 Securities Code: 6083 URL: <https://www.h-eri.co.jp/>
 Representative: Toshihiko Umamo, President, CEO and COO
 For Inquiries, Contact: Seiichiro Matsumura, Head of Finance and Accounting Group
 TEL:(03)5770-1520
 Planned Annual Shareholders' Meeting Date: August 30, 2022
 Planned Date for Submission of Annual Securities Report: August 30, 2022
 Planned Starting Date for Dividend Payments: July 29, 2022
 Supplementary documents for financial results: Yes
 Financial Results briefing: Yes (for institutional investors and securities analysts)

(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 Financial Results (Cumulative)

(% indicates year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 5/2022	16,148	12.2	1,924	377.8	1,986	318.7	1,228	363.9
FY 5/2021	14,397	(3.0)	402	(22.2)	474	(20.7)	264	2.5

(Note) Comprehensive Income FY 5/2022: 1,237 million yen (358.9 %) FY 5/2021: 269 million yen (-0.2 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	yen	yen	%	%	%
FY 5/2022	156.83	–	35.2	26.4	11.9
FY 5/2021	33.95	–	9.3	7.2	2.8

(Reference) Equity in profits(losses) of affiliates FY 5/2022: – million yen FY 5/2021: – million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY 5/2022	8,574	4,024	46.5	508.61
FY 5/2021	6,477	3,024	46.1	381.58

(Reference) Shareholders' Equity FY 5/2022: 3,983 million yen FY 5/2021: 2,988 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, End of Year
	million yen	million yen	million yen	million yen
FY 5/2022	2,415	52	(210)	4,883
FY 5/2021	209	114	(422)	2,626

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend / Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY 5/2021	–	0.00	–	15.00	15.00	117	44.2	4.1
FY 5/2022	–	15.00	–	25.00	40.00	313	25.5	9.0
FY 5/2023 (Forecast)	–	20.00	–	20.00	40.00		28.3	

(Note) Breakdown of year-end dividend for the fiscal year ended May 31, 2022 ordinary dividend: 15.00yen extra dividend: 10.00yen

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2023 (June 1, 2022– May 31, 2023)

(% indicates year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY 5/2023	16,069	(0.5)	1,673	(13.1)	1,682	(15.3)	1,106	(9.9)	141.26

* Notes

(1) Changes in significant subsidiaries during the term under review (changes in subsidiaries via share exchange causing a change in the scope of consolidation): None

(2) Accounting policies, changes in accounting estimates and errors

- | | |
|--|------|
| (i) Changes in accounting policies associated with the revision of accounting standards, etc.: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |

(4) Number of shares issued (common stock)

(i) Shares Outstanding (incl. treasury stock):	FY 5/2022	7,832,400 shares
	FY 5/2021	7,832,400 shares
(ii) Treasury Stock:	FY 5/2022	122shares
	FY 5/2021	85 shares
(iii) Average Number of Shares Outstanding	FY 5/2022	7,832,292 shares
	FY 5/2021	7,798,876 shares

* This report is not subject to audit by certified public accountant or audit firm.

* Cautionary statement with respect to forward-looking statements, and other information.

The performance projections in this report are based on information currently available and significantly include uncertainty. Actual result may differ materially from these projections due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2021)	Reporting fiscal year (As of May 31, 2022)
Assets		
Current assets		
Cash and deposits	2,650,798	4,910,038
Accounts receivable-trade	902,549	-
Accounts receivable-trade and contract assets	-	1,061,643
Work in process	420,120	248,110
Other	287,865	264,355
Total current assets	4,261,334	6,484,149
Non-current assets		
Property, plant and equipment		
Buildings	387,778	384,626
Accumulated depreciation	(127,532)	(141,934)
Accumulated impairment	(8,331)	(8,331)
Buildings, net	251,914	234,360
Tools, furniture and fixtures	354,888	346,237
Accumulated depreciation	(254,567)	(259,399)
Accumulated impairment	(149)	(149)
Tools, furniture and fixtures, net	100,170	86,688
Land	92,736	92,736
Leased assets	172,707	164,020
Accumulated depreciation	(74,654)	(86,583)
Accumulated impairment	(13,620)	(13,620)
Leased assets, net	84,432	63,815
Other	10,491	10,491
Accumulated depreciation	(8,382)	(8,670)
Other, net	2,108	1,821
Total property, plant and equipment	531,363	479,423
Intangible assets		
Software	321,162	296,055
Goodwill	432,680	357,136
Other	1,694	1,694
Total intangible assets	755,537	654,886
Investments and other assets		
Investment securities	1,028	1,026
Guarantee deposits	469,228	461,870
Deferred tax assets	403,842	470,661
Other	55,483	22,895
Total investments and other assets	929,583	956,454
Total non-current assets	2,216,484	2,090,764
Total assets	6,477,818	8,574,913

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2021)	Reporting fiscal year (As of May 31, 2022)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	137,100	137,100
Accounts payable – other	294,193	253,515
Accrued expenses	784,842	1,153,991
Income taxes payable	153,128	715,255
Advances received	769,391	-
Contract liabilities	-	810,181
Lease obligations	35,168	34,437
Other	187,401	250,453
Total current liabilities	2,361,225	3,354,934
Non-current liabilities		
Long-term borrowings	788,325	851,225
Retirement benefit liability	56,133	58,292
Long-term accounts payable – other	105,283	189,307
Deferred tax liabilities	-	619
Lease obligations	68,689	43,492
Other	73,790	52,045
Total non-current liabilities	1,092,222	1,194,983
Total liabilities	3,453,447	4,549,918
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	1,954,162	2,948,718
Treasury shares	(72)	(127)
Total shareholders' equity	2,989,110	3,983,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(428)	-
Total accumulated other comprehensive income	(428)	-
Non-controlling interests	35,688	41,383
Total net assets	3,024,370	4,024,995
Total liabilities and net assets	6,477,818	8,574,913

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2020 to May 31, 2021)	Reporting fiscal year (From June 1, 2021 to May 31, 2022)
Net sales	14,397,766	16,148,259
Cost of sales	10,457,940	10,584,830
Gross profit	3,939,825	5,563,429
Selling, general and administrative expenses	3,536,981	3,638,811
Operating profit	402,844	1,924,617
Non-operating income		
Interest income	28	76
Dividend income of insurance	6,956	4,694
Commission income	3,290	3,291
Surrender value of insurance policies	4,063	25,911
Insurance claim income	-	16,880
Rent revenue	6,718	5,705
Guarantee commission received	8,608	-
Subsidy income	92,826	8,060
Gain on investments in silent partnerships	3,593	-
Miscellaneous income	4,301	5,575
Total non-operating income	130,387	70,196
Non-operating expenses		
Interest expenses	8,382	8,387
Loss on guarantees	49,482	-
Miscellaneous loss	1,032	150
Total non-operating expenses	58,896	8,538
Ordinary profit	474,334	1,986,275
Extraordinary income		
Gain on sale of non-current assets	-	117,101
Total extraordinary income	-	117,101
Extraordinary losses		
Loss on sale of non-current assets	640	-
Impairment losses	2,160	-
Loss on valuation of investment securities	-	677
Loss on cancellation of leases	-	26
Retirement benefits for officers	-	84,024
Total extraordinary losses	2,800	84,728
Profit before income taxes	471,534	2,018,649
Income taxes – current	186,685	848,950
Income taxes – deferred	15,219	(67,029)
Total income taxes	201,904	781,920
Profit	269,629	1,236,728
Profit attributable to non-controlling interests	4,869	8,382
Profit attributable to owners of parent	264,759	1,228,345

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2020 to May 31, 2021)	Reporting fiscal year (From June 1, 2021 to May 31, 2022)
Profit	269,629	1,236,728
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	441
Total other comprehensive income	(17)	441
Comprehensive income	269,611	1,237,169
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	264,742	1,228,774
Comprehensive income attributable to non-controlling interests	4,869	8,395

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2020 to May 31, 2021)	Reporting fiscal year (From June 1, 2021 to May 31, 2022)
Cash flows from operating activities		
Profit before income taxes	471,534	2,018,649
Depreciation	216,055	199,420
Amortization of goodwill	76,268	75,543
Interest income	(28)	(76)
Interest expenses	8,382	8,387
Loss (gain) on sale of non-current assets	640	-
Impairment losses	2,160	-
Loss on cancellation of leases	-	26
Loss (gain) on valuation of investment securities	-	677
Subsidy income	(92,826)	(8,060)
Surrender value of insurance policies	(4,063)	(25,911)
Loss (gain) on investments in silent partnerships	(3,593)	(117,101)
Increase (decrease) in provision for loss on guarantees	(67,253)	-
Decrease (increase) in trade receivables	(93,435)	-
Decrease (increase) in trade receivables and contract assets	-	(159,093)
Decrease (increase) in inventories	29,610	172,009
Increase (decrease) in accounts payable - other	3,179	(33,824)
Increase (decrease) in long-term accounts payable - other	-	84,024
Increase (decrease) in accrued expenses	83,272	369,148
Increase (decrease) in advances received	(107,117)	-
Increase (decrease) in contract liabilities	-	40,790
Increase (decrease) in deposits received	(78,008)	1,214
Other, net	(45,663)	26,472
Subtotal	399,113	2,652,295
Interest and dividends received	32	81
Interest paid	(8,237)	(8,305)
Payments for cancellation of leases	-	(192)
Subsidies received	92,826	8,060
Income taxes (paid) refund	(274,671)	(236,885)
Net cash provided by (used in) operating activities	209,062	2,415,054
Cash flows from investing activities		
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	95,645	-
Purchase of non-current assets	(92,664)	(83,334)
Proceeds from sale of non-current assets	24,280	-
Payments of guarantee deposits	(15,506)	(2,493)
Proceeds from refund of guarantee deposits	24,889	3,848
Proceeds from cancellation of insurance funds	16,951	63,987
Proceeds from withdrawal of investments in silent partnerships	-	95,410
Other, net	60,790	(25,215)
Net cash provided by (used in) investing activities	114,386	52,204
Cash flows from financing activities		
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(345,273)	(137,100)
Dividends paid	(93,395)	(234,048)
Dividends paid to non-controlling interests	(10,170)	(2,700)
Proceeds from disposal of treasury shares	62,454	-
Purchase of treasury shares	-	(54)
Other, net	(35,838)	(36,515)
Net cash provided by (used in) financing activities	(422,223)	(210,418)
Net increase (decrease) in cash and cash equivalents	(98,775)	2,256,839
Cash and cash equivalents at beginning of period	2,725,159	2,626,384
Cash and cash equivalents at end of period	2,626,384	4,883,224