

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2023
(From June 1, 2022 to May 31, 2023)
[Japanese GAAP]

July 11, 2023

Company Name: ERI Holdings Co., Ltd. Stock Exchange Listing: Tokyo
 Securities Code: 6083 URL: <https://www.h-eri.co.jp/>
 Representative: Toshihiko Umano, 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, 2023
 Planned Date for Submission of Annual Securities Report: August 30, 2023
 Planned Starting Date for Dividend Payments: July 31, 2023
 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, 2023 (June 1, 2022 – May 31, 2023)

(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 5/2023	17,410	7.8	2,326	20.9	2,340	17.8	1,533	24.9
FY 5/2022	16,148	12.2	1,924	377.8	1,986	318.7	1,228	363.9

(Note) Comprehensive Income FY 5/2023: 1,541 million yen (24.6 %) FY 5/2022: 1,237 million yen (358.9 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	Yen	yen	%	%	%
FY 5/2023	197.80	–	34.0	24.1	13.4
FY 5/2022	156.83	–	35.2	26.4	11.9

(Reference) Equity in profits(losses) of affiliates FY 5/2023: – million yen FY 5/2022: – million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	Yen
FY 5/2023	10,860	5,078	46.4	653.01
FY 5/2022	8,574	4,024	46.5	508.61

(Reference) Shareholders' Equity FY 5/2023: 5,037 million yen FY 5/2022: 3,983 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 5/2023	1,394	(562)	563	6,279
FY 5/2022	2,415	52	(210)	4,883

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 5/2022	–	15.00	–	25.00	40.00	313	25.5	9.0
FY 5/2023	–	20.00	–	40.00	60.00	462	30.3	10.3
FY 5/2024 (Forecast)	–	30.00	–	30.00	60.00		30.1	

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2024 (June 1, 2023– May 31, 2024)

(% 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 5/2024	18,500	6.3	2,400	3.2	2,400	2.6	1,540	0.4	199.64

* 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

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| (i) Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| (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 5/2023	7,832,400 shares
	FY 5/2022	7,832,400 shares
(ii) Treasury Stock:	FY 5/2023	118,682 shares
	FY 5/2022	122 shares
(iii) Average Number of Shares Outstanding	FY 5/2023	7,754,628 shares
	FY 5/2022	7,832,292 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, 2022)	Reporting fiscal year (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	4,910,038	6,408,686
Accounts receivable-trade and contract assets	1,061,643	1,344,333
Work in process	248,110	259,633
Other	264,355	313,980
Total current assets	6,484,149	8,326,633
Non-current assets		
Property, plant and equipment		
Buildings	384,626	600,195
Accumulated depreciation	(141,934)	(283,055)
Accumulated impairment	(8,331)	(8,331)
Buildings, net	234,360	308,808
Tools, furniture and fixtures	346,237	418,569
Accumulated depreciation	(259,399)	(320,406)
Accumulated impairment	(149)	(149)
Tools, furniture and fixtures, net	86,688	98,014
Land	92,736	301,324
Leased assets	164,020	185,476
Accumulated depreciation	(86,583)	(116,978)
Accumulated impairment	(13,620)	(13,620)
Leased assets, net	63,815	54,877
Other	10,491	52,992
Accumulated depreciation	(8,670)	(45,962)
Other, net	1,821	7,029
Total property, plant and equipment	479,423	770,054
Intangible assets		
Software	296,055	271,013
Goodwill	357,136	368,962
Other	1,694	2,426
Total intangible assets	654,886	642,402
Investments and other assets		
Investment securities	1,026	124,670
Guarantee deposits	461,870	466,176
Deferred tax assets	470,661	355,956
Other	22,895	175,021
Total investments and other assets	956,454	1,121,825
Total non-current assets	2,090,764	2,534,282
Total assets	8,574,913	10,860,916

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2022)	Reporting fiscal year (As of May 31, 2023)
Liabilities		
Current liabilities		
Short-term borrowings	-	84,296
Current portion of long-term borrowings	137,100	269,100
Accounts payable – other	253,515	462,730
Accrued expenses	1,153,991	977,689
Income taxes payable	715,255	261,577
Contract liabilities	810,181	1,035,588
Lease obligations	34,437	41,287
Other	250,453	220,640
Total current liabilities	3,354,934	3,352,910
Non-current liabilities		
Long-term borrowings	851,225	1,961,537
Retirement benefit liability	58,292	65,675
Long-term accounts payable – other	189,307	300,974
Deferred tax liabilities	619	25,358
Lease obligations	43,492	24,369
Other	52,045	52,045
Total non-current liabilities	1,194,983	2,429,960
Total liabilities	4,549,918	5,782,870
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	2,948,718	4,129,521
Treasury shares	(127)	(128,910)
Total shareholders' equity	3,983,611	5,035,631
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	1,487
Total accumulated other comprehensive income	-	1,487
Non-controlling interests	41,383	40,926
Total net assets	4,024,995	5,078,045
Total liabilities and net assets	8,574,913	10,860,916

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2021 to May 31, 2022)	Reporting fiscal year (From June 1, 2022 to May 31, 2023)
Net sales	16,148,259	17,410,527
Cost of sales	10,584,830	11,053,148
Gross profit	5,563,429	6,357,378
Selling, general and administrative expenses	3,638,811	4,031,235
Operating profit	1,924,617	2,326,142
Non-operating income		
Interest income	76	192
Dividend income of insurance	4,694	7,185
Commission income	3,291	1,182
Surrender value of insurance policies	25,911	188
Insurance claim income	16,880	7,199
Rent revenue	5,705	4,098
Guarantee commission received	-	1,786
Subsidy income	8,060	4,639
Miscellaneous income	5,575	2,486
Total non-operating income	70,196	28,959
Non-operating expenses		
Interest expenses	8,387	13,776
Miscellaneous loss	150	1,167
Total non-operating expenses	8,538	14,944
Ordinary profit	1,986,275	2,340,157
Extraordinary income		
Gain on sale of non-current assets	-	452
Gain on investments in silent partnerships	117,101	-
Gain on bargain purchase	-	14,501
Total extraordinary income	117,101	14,954
Extraordinary losses		
Loss on valuation of investment securities	677	-
Loss on cancellation of leases	26	500
Retirement benefits for officers	84,024	2,675
Total extraordinary losses	84,728	3,175
Profit before income taxes	2,018,649	2,351,936
Income taxes – current	848,950	688,514
Income taxes – deferred	(67,029)	123,802
Total income taxes	781,920	812,317
Profit	1,236,728	1,539,619
Profit attributable to non-controlling interests	8,382	5,734
Profit attributable to owners of parent	1,228,345	1,533,884

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2021 to May 31, 2022)	Reporting fiscal year (From June 1, 2022 to May 31, 2023)
Profit	1,236,728	1,539,619
Other comprehensive income		
Valuation difference on available-for-sale securities	441	1,489
Total other comprehensive income	441	1,489
Comprehensive income	1,237,169	1,541,109
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,228,774	1,535,372
Comprehensive income attributable to non-controlling interests	8,395	5,736

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2021 to May 31, 2022)	Reporting fiscal year (From June 1, 2022 to May 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,018,649	2,351,936
Depreciation	199,420	215,297
Amortization of goodwill	75,543	79,523
Gain on bargain purchase	-	(14,501)
Interest income	(76)	(192)
Interest expenses	8,387	13,776
Loss (gain) on sale of non-current assets	-	(452)
Loss on cancellation of leases	26	500
Loss (gain) on valuation of investment securities	677	-
Subsidy income	(8,060)	(4,639)
Surrender value of insurance policies	(25,911)	(188)
Loss (gain) on investments in silent partnerships	(117,101)	-
Decrease (increase) in trade receivables and contract assets	(159,093)	(94,573)
Decrease (increase) in inventories	172,009	(11,522)
Increase (decrease) in accounts payable - other	(33,824)	91,334
Increase (decrease) in long-term accounts payable - other	84,024	(14,445)
Increase (decrease) in accrued expenses	369,148	(212,238)
Increase (decrease) in contract liabilities	40,790	176,078
Increase (decrease) in deposits received	1,214	(388)
Other, net	26,472	86,332
Subtotal	2,652,295	2,661,636
Interest and dividends received	81	194
Interest paid	(8,305)	(15,288)
Payments for cancellation of leases	(192)	(500)
Subsidies received	8,060	4,639
Income taxes (paid) refund	(236,885)	(1,255,752)
Net cash provided by (used in) operating activities	2,415,054	1,394,929
Cash flows from investing activities		
Purchase of investment securities	-	(79,758)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(347,378)
Purchase of non-current assets	(83,334)	(118,733)
Proceeds from sale of non-current assets	-	29,873
Payments of guarantee deposits	(2,493)	(13,005)
Proceeds from refund of guarantee deposits	3,848	5,762
Proceeds from cancellation of insurance funds	63,987	-
Proceeds from withdrawal of investments in silent partnerships	95,410	-
Other, net	(25,215)	(39,372)
Net cash provided by (used in) investing activities	52,204	(562,611)
Cash flows from financing activities		
Proceeds from long-term borrowings	200,000	1,374,000
Repayments of long-term borrowings	(137,100)	(285,755)
Dividends paid	(234,048)	(349,342)
Dividends paid to non-controlling interests	(2,700)	(9,194)
Purchase of treasury shares	(54)	(128,783)
Other, net	(36,515)	(37,056)
Net cash provided by (used in) financing activities	(210,418)	563,867
Net increase (decrease) in cash and cash equivalents	2,256,839	1,396,184
Cash and cash equivalents at beginning of period	2,626,384	4,883,224
Cash and cash equivalents at end of period	4,883,224	6,279,408