

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

Company name: E·J Holdings Inc.
 Stock exchange listing: Tokyo
 Stock code: 2153 URL <https://www.ej-hds.co.jp>
 Representative: President Yuji Kotani
 Inquiries: Director Masanori Hamano TEL 086(252)7520
 Scheduled date to file Quarterly Securities Report: January 15, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2023 (from June 1, 2023 to November 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended November 30, 2023	7,879	(7.0)	(1,426)	–	(1,296)	–	(986)	–
Six months ended November 30, 2022	8,470	–	(1,255)	–	(1,124)	–	(895)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2023	(63.07)	–
Six months ended November 30, 2022	(57.32)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	39,103	28,319	72.4
As of May 31, 2023	39,194	29,869	76.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 31, 2023	–	0.00	–	50.00	50.00
Year ending May 31, 2024	–	0.00			
Year ending May 31, 2024 (Forecast)			–	55.00	55.00

3. Forecast of consolidated financial results for the year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,300	2.1	4,600	3.3	4,800	3.8	3,200	4.9	204.32

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2023	16,078,920 shares	As of May 31, 2023	16,078,920 shares
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Number of treasury shares at the end of the period

As of November 30, 2023	398,825 shares	As of May 31, 2023	449,402 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 30, 2023	15,646,100 shares	Six months ended November 30, 2022	15,619,917 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	17,092	11,436
Accounts receivable - trade, and contract assets	5,495	3,872
Securities	100	–
Inventories	2,913	7,868
Other	890	1,913
Allowance for doubtful accounts	(6)	(6)
Total current assets	26,485	25,085
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,731	2,710
Land	2,335	2,335
Other, net	599	640
Total property, plant and equipment	5,666	5,685
Intangible assets		
Goodwill	741	681
Other	1,077	1,376
Total intangible assets	1,818	2,057
Investments and other assets		
Investment securities	3,004	3,494
Bad debts	1	1
Investment property, net	432	428
Deferred tax assets	266	730
Retirement benefit asset	114	137
Other	1,506	1,584
Allowance for doubtful accounts	(102)	(101)
Total investments and other assets	5,223	6,274
Total non-current assets	12,708	14,018
Total assets	39,194	39,103

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - operating	1,083	618
Short-term borrowings	–	2,600
Current portion of long-term borrowings	229	210
Income taxes payable	490	286
Contract liabilities	2,564	3,406
Provision for bonuses for directors (and other officers)	22	–
Provision for loss on orders received	245	256
Other	3,660	2,499
Total current liabilities	8,296	9,878
Non-current liabilities		
Long-term borrowings	128	23
Deferred tax liabilities	65	80
Retirement benefit liability	422	383
Provision for share awards for directors (and other officers)	116	102
Provision for Employee Stock Ownership Plan Trust	36	34
Long-term accounts payable - other	176	176
Provision for loss on guarantees	7	5
Other	75	99
Total non-current liabilities	1,028	904
Total liabilities	9,325	10,783
Net assets		
Shareholders' equity		
Share capital	2,803	2,803
Capital surplus	4,379	4,379
Retained earnings	22,371	20,580
Treasury shares	(454)	(403)
Total shareholders' equity	29,100	27,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	670	873
Foreign currency translation adjustment	(2)	(3)
Remeasurements of defined benefit plans	93	81
Total accumulated other comprehensive income	761	950
Non-controlling interests	8	8
Total net assets	29,869	28,319
Total liabilities and net assets	39,194	39,103

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Net sales	8,470	7,879
Cost of sales	5,823	5,362
Gross profit	2,647	2,517
Selling, general and administrative expenses	3,902	3,944
Operating loss	(1,255)	(1,426)
Non-operating income		
Interest income	9	7
Dividend income	22	29
Share of profit of entities accounted for using equity method	60	60
Rental income from real estate	17	21
Other	49	36
Total non-operating income	158	155
Non-operating expenses		
Interest expenses	1	1
Rental expenses on real estate	11	12
Guarantee commission	5	6
Provision of allowance for doubtful accounts	5	–
Other	3	4
Total non-operating expenses	27	25
Ordinary loss	(1,124)	(1,296)
Extraordinary losses		
Loss on retirement of non-current assets	24	2
Office relocation expenses	6	–
Total extraordinary losses	31	2
Loss before income taxes	(1,155)	(1,299)
Income taxes - current	197	211
Income taxes - deferred	(463)	(523)
Total income taxes	(265)	(312)
Loss	(890)	(986)
Profit attributable to non-controlling interests	5	–
Loss attributable to owners of parent	(895)	(986)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Loss	(890)	(986)
Other comprehensive income		
Valuation difference on available-for-sale securities	74	203
Foreign currency translation adjustment	(0)	(1)
Remeasurements of defined benefit plans, net of tax	(26)	(11)
Total other comprehensive income	48	190
Comprehensive income	(841)	(796)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(847)	(796)
Comprehensive income attributable to non-controlling interests	5	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from operating activities		
Loss before income taxes	(1,155)	(1,299)
Depreciation	249	301
Amortization of goodwill	61	60
Increase (decrease) in provision for bonuses for directors (and other officers)	(26)	(22)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on orders received	50	11
Increase (decrease) in provision for loss on guarantees	(1)	(1)
Increase (decrease) in retirement benefit liability	(70)	(56)
Increase (decrease) in provision for share awards for directors (and other officers)	21	26
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	10	8
Interest and dividend income	(31)	(36)
Interest expenses	1	1
Share of loss (profit) of entities accounted for using equity method	(60)	(60)
Decrease (increase) in trade receivables and contract assets	1,880	1,622
Decrease (increase) in inventories	(4,042)	(4,954)
Increase (decrease) in contract liabilities	(263)	841
Increase (decrease) in trade payables	(1,448)	(654)
Increase (decrease) in accrued consumption taxes	(422)	(339)
Other, net	(1,004)	(1,469)
Subtotal	(6,255)	(6,021)
Interest and dividends received	33	29
Interest paid	(2)	(2)
Income taxes paid	(961)	(424)
Net cash provided by (used in) operating activities	(7,184)	(6,419)
Cash flows from investing activities		
Payments into time deposits	(80)	(20)
Proceeds from withdrawal of time deposits	100	100
Proceeds from redemption of securities	–	100
Purchase of property, plant and equipment	(451)	(317)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(526)	(530)
Purchase of investment securities	(0)	(150)
Other, net	(17)	0
Net cash provided by (used in) investing activities	(976)	(818)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,900	2,600
Repayments of long-term borrowings	(106)	(124)
Dividends paid	(690)	(802)
Other, net	(8)	(12)
Net cash provided by (used in) financing activities	1,094	1,660
Effect of exchange rate change on cash and cash equivalents	0	1
Net increase (decrease) in cash and cash equivalents	(7,065)	(5,575)
Cash and cash equivalents at beginning of period	17,023	15,994
Cash and cash equivalents at end of period	9,958	10,418