

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending May 31, 2020
(From June 1, 2019 to November 30, 2019)
[Japanese GAAP]

December 27, 2019

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: Akiyo Masuda, President and COO
 For Inquiries, Contact: Seiichiro Matsumura, Head of Finance and Accounting Group
 TEL:(03)5770-1520
 Planned Date for Submission of Quarterly Securities Report: December 27, 2019
 Planned Starting Date for Dividend Payments: January 31, 2020
 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 Second Quarter of the Fiscal Year Ending May 31, 2020 (June 1, 2019 – November 30, 2019)

(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 5/2020 Q2	7,438	2.7	167	(51.9)	226	(37.9)	125	(45.9)
FY 5/2019 Q2	7,241	24.5	348	68.2	364	69.6	232	92.2

(Note) Comprehensive Income FY 5/2020 Q2: 132 million yen (-43.7%) FY 5/2019 Q2: 234 million yen (95.6%)

	Profit per Share	Diluted Profit per Share
	yen	yen
FY 5/2020 Q2	16.47	–
FY 5/2019 Q2	30.53	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	million yen	million yen	%
FY 5/2020 Q2	6,888	2,642	37.9
FY 5/2019	6,896	2,561	36.7

(Reference) Shareholders' Equity FY 5/2020 Q2: 2,607 million yen FY 5/2019: 2,529 million yen

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual
	yen	yen	yen	yen	yen
FY 5/2019	–	15.00	–	15.00	30.00
FY 5/2020	–	15.00			
FY 5/2020 (Forecast)			–	15.00	30.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2020 (June 1, 2019– May 31, 2020)

(% 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 5/2020	15,119	0.3	495	(39.6)	530	(37.2)	286	(45.2)	37.72

(Note) Revisions to performance forecasts published most recently: None

* 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) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None

(3) 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 5/2020 Q2	7,832,400 shares
	FY 5/2019	7,832,400 shares
(ii) Treasury Stock:	FY 5/2020 Q2	170,985 shares
	FY 5/2019	231,985 shares
(iii) Average Number of Shares Outstanding	FY 5/2020 Q2	7,631,320 shares
	FY 5/2019 Q2	7,605,243 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2019)	The second quarter of the reporting fiscal year (As of November 30, 2019)
Assets		
Current assets		
Cash and deposits	2,989,915	2,769,761
Accounts receivable-trade	790,457	802,686
Work in process	500,246	520,730
Other	221,219	286,690
Allowance for doubtful accounts	(251)	(112)
Total current assets	4,501,586	4,379,755
Non-current assets		
Property, plant and equipment	501,346	611,085
Intangible assets		
Goodwill	573,743	534,274
Other	340,555	342,534
Total intangible assets	914,299	876,809
Investments and other assets		
Investment securities	1,783	1,453
Guarantee deposits	488,304	481,004
Deferred tax assets	345,925	413,433
Other	143,805	125,414
Allowance for doubtful accounts	(365)	-
Total investments and other assets	979,454	1,021,305
Total non-current assets	2,395,100	2,509,201
Total assets	6,896,687	6,888,956

Summary of Financial Results for Second Quarter of the Fiscal Year Ending May 31, 2020
ERI Holdings Co., Ltd. (Securities Code 6083)

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2019)	The second quarter of the reporting fiscal year (As of November 30, 2019)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	154,920	137,100
Accounts payable - other	369,259	369,754
Accrued expenses	842,325	758,473
Income taxes payable	170,223	173,929
Advances received	908,619	935,509
Other	219,363	303,699
Total current liabilities	2,664,712	2,678,466
Non-current liabilities		
Long-term borrowings	1,411,176	1,236,860
Retirement benefit liability	69,232	68,476
Long-term accounts payable - other	104,254	104,533
Other	85,376	157,691
Total non-current liabilities	1,670,040	1,567,561
Total liabilities	4,334,752	4,246,027
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	1,760,133	1,768,325
Treasury shares	(265,145)	(195,419)
Total shareholders' equity	2,530,008	2,607,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(50)	(158)
Total accumulated other comprehensive income	(50)	(158)
Non-controlling interests	31,977	35,161
Total net assets	2,561,934	2,642,929
Total liabilities and net assets	6,896,687	6,888,956

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

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2018 to November 30, 2018)	The second quarter of the reporting fiscal year (From June 1, 2019 to November 30, 2019)
Net sales	7,241,192	7,438,148
Cost of sales	5,149,055	5,422,508
Gross profit	2,092,137	2,015,639
Selling, general and administrative expenses	1,743,930	1,848,214
Operating profit	348,206	167,425
Non-operating income		
Interest income	14	23
Dividend income of insurance	9,001	8,038
Commission income	1,125	988
Surrender value of insurance policies	–	23,507
Insurance claim income	–	18,739
Rent revenue	3,359	4,127
Guarantee commission received	–	5,164
Compensation income	3,844	–
Miscellaneous income	2,942	3,796
Total non-operating income	20,288	64,386
Non-operating expenses		
Interest expenses	4,330	4,993
Miscellaneous loss	25	715
Total non-operating expenses	4,356	5,709
Ordinary profit	364,138	226,102
Extraordinary income		
Gain on sales of non-current assets	–	519
Compensation for forced relocation	40,080	–
Total extraordinary income	40,080	519
Extraordinary losses		
Branch office transfer expenses	11,453	–
Total extraordinary losses	11,453	–
Profit before income taxes	392,765	226,622
Income taxes - current	95,067	161,832
Income taxes - deferred	62,831	(67,448)
Total income taxes	157,898	94,383
Profit	234,866	132,239
Profit attributable to non-controlling interests	2,652	6,562
Profit attributable to owners of parent	232,214	125,676

Quarterly Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2018 to November 30, 2018)	The second quarter of the reporting fiscal year (From June 1, 2019 to November 30, 2019)
Profit	234,866	132,239
Other comprehensive income		
Valuation difference on available-for-sale securities	(38)	(111)
Total other comprehensive income	(38)	(111)
Comprehensive income	234,827	132,127
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	232,176	125,568
Comprehensive income attributable to non-controlling interests	2,651	6,559

(3) Consolidated Statements of Cash Flows

(Unit: thousand yen)

	The second quarter of the previous fiscal year (From June 1, 2018 to November 30, 2018)	The second quarter of the reporting fiscal year (From June 1, 2019 to November 30, 2019)
Cash flows from operating activities		
Profit before income taxes	392,765	226,622
Depreciation	63,893	97,166
Amortization of goodwill	37,728	39,468
Interest income	(14)	(23)
Interest expenses	4,330	4,993
Loss (gain) on sales of non-current assets	-	(519)
Compensation for forced relocation	(40,080)	-
Branch office transfer expenses	11,453	-
Decrease (increase) in trade receivables	(43,203)	(11,864)
Decrease (increase) in inventories	(46,200)	(21,086)
Increase (decrease) in accounts payable - other	(188,929)	(85,781)
Increase (decrease) in accrued expenses	(30,924)	(83,852)
Increase (decrease) in advances received	107,419	26,890
Increase (decrease) in deposits received	(48,151)	51,183
Other, net	(24,194)	106,386
Subtotal	195,892	349,583
Interest and dividends received	39	60
Interest paid	(4,646)	(4,946)
Income taxes paid	(170,877)	(205,361)
Net cash provided by (used in) operating activities	20,407	139,336
Cash flows from investing activities		
Purchase of non-current assets	(105,716)	(138,612)
Proceeds from sales of non-current assets	-	17,417
Payments of guarantee deposits	(87,923)	(43,474)
Proceeds from refund of guarantee deposits	209	46,781
Other, net	(2,030)	64,515
Net cash provided by (used in) investing activities	(195,461)	(53,372)
Cash flows from financing activities		
Proceeds from long-term borrowings	343,000	-
Repayments of long-term borrowings	(68,550)	(192,135)
Dividends paid	(113,997)	(116,999)
Dividends paid to non-controlling interests	(1,500)	(3,375)
Purchase of treasury shares	(342,686)	-
Proceeds from disposal of treasury shares	242,719	49,318
Other, net	(3,966)	(10,939)
Net cash provided by (used in) financing activities	55,018	(274,130)
Net increase (decrease) in cash and cash equivalents	(120,035)	(188,165)
Cash and cash equivalents at beginning of period	2,803,553	2,953,325
Cash and cash equivalents at end of period	2,683,518	2,765,159