

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

July 14, 2020

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
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 TEL:(03)5770-1520
 Planned Annual Shareholders' Meeting Date: August 28, 2020
 Planned Date for Submission of Annual Securities Report: August 28, 2020
 Planned Starting Date for Dividend Payments: July 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 Results for the Fiscal Year Ended May 31, 2020 (June 1, 2019 – May 31, 2020)

(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	14,842	(1.6)	517	(37.0)	598	(29.3)	258	(50.6)
FY 5/2019	15,076	15.1	820	18.9	845	20.5	523	21.7

(Note) Comprehensive Income FY 5/2020: 270 million yen (-49.0 %) FY 5/2019: 530 million yen (22.7 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	yen	yen	%	%	%
FY 5/2020	33.69	–	9.9	8.8	3.5
FY 5/2019	68.94	–	21.8	12.8	5.4

(Reference) Equity in profits(losses) of affiliates FY 5/2020: –million yen FY 5/2019: –million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY 5/2020	6,762	2,746	40.0	349.86
FY 5/2019	6,896	2,561	36.7	332.87

(Reference) Shareholders' Equity FY 5/2020: 2,705 million yen FY 5/2019: 2,529 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 5/2020	371	(119)	(480)	2,725
FY 5/2019	624	(343)	(131)	2,953

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 5/2019	–	15.00	–	15.00	30.00	234	43.5	9.5
FY 5/2020	–	15.00	–	12.00	27.00	211	80.1	7.9
FY 5/2021 (Forecast)	–	–	–	–	–		–	

(Note) The dividend forecast for the fiscal year ending May 31, 2021 is not yet determined.

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2021 (June 1, 2020 – May 31, 2021)

(% 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 5/2021	14,546	(2.0)	273	(47.2)	300	(49.7)	157	(39.2)	20.31

(Note) As of the announcement date, our forecasts are based on the assumption that the impact of the coronavirus (COVID-19) epidemic on business will gradually taper off toward November 2020 – the end of the second quarter of FY 5/2021.

* 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 |

(3) Number of shares issued (common stock)

(i) Shares Outstanding (incl. treasury stock):	End of FY 5/2020	7,832,400 shares
	End of FY 5/2019	7,832,400 shares
(ii) Treasury Stock:	End of FY 5/2020	98,085 shares
	End of FY 5/2019	231,985 shares
(iii) Average Number of Shares Outstanding	End of FY 5/2020	7,664,342 shares
	End of FY 5/2019	7,588,261 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, 2019)	Reporting fiscal year (As of May 31, 2020)
Assets		
Current assets		
Cash and deposits	2,989,915	2,725,761
Accounts receivable-trade	790,457	786,998
Work in process	500,246	439,345
Other	221,219	337,595
Allowance for doubtful accounts	(251)	(86)
Total current assets	4,501,586	4,289,615
Non-current assets		
Property, plant and equipment		
Buildings	351,187	379,023
Accumulated depreciation	(98,519)	(110,573)
Accumulated impairment loss	(6,328)	(10,885)
Buildings, net	246,340	257,563
Tools, furniture and fixtures	323,635	334,190
Accumulated depreciation	(217,114)	(227,594)
Accumulated impairment loss	-	(149)
Tools, furniture and fixtures, net	106,520	106,446
Land	101,076	92,736
Other	65,206	171,970
Accumulated depreciation	(17,796)	(46,536)
Accumulated impairment loss	-	(11,814)
Other, net	47,409	113,619
Total property, plant and equipment	501,346	570,366
Intangible assets		
Software	338,861	360,690
Goodwill	573,743	496,750
Other	1,694	1,694
Total intangible assets	914,299	859,136
Investments and other assets		
Investment securities	1,783	1,055
Guarantee deposits	488,304	481,816
Deferred tax assets	345,925	405,025
Other	143,805	155,830
Allowance for doubtful accounts	(365)	(4)
Total investments and other assets	979,454	1,043,723
Total non-current assets	2,395,100	2,473,225
Total assets	6,896,687	6,762,841

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2019)	Reporting fiscal year (As of May 31, 2020)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	154,920	137,100
Accounts payable – other	369,259	280,617
Accrued expenses	842,325	646,760
Income taxes payable	170,223	248,514
Advances received	908,619	869,866
Other	219,363	341,470
Total current liabilities	2,664,712	2,524,329
Non-current liabilities		
Long-term borrowings	1,411,176	1,118,062
Retirement benefit liability	69,232	64,512
Long-term accounts payable – other	104,254	104,313
Lease obligations	34,424	99,757
Provision for loss on guarantees	-	67,253
Other	50,951	37,714
Total non-current liabilities	1,670,040	1,491,614
Total liabilities	4,334,752	4,015,943
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	1,760,133	1,783,390
Treasury shares	(265,145)	(112,091)
Total shareholders' equity	2,530,008	2,706,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(50)	(411)
Total accumulated other comprehensive income	(50)	(411)
Non-controlling interests	31,977	40,988
Total net assets	2,561,934	2,746,897
Total liabilities and net assets	6,896,687	6,762,841

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2018 to May 31, 2019)	Reporting fiscal year (From June 1, 2019 to May 31, 2020)
Net sales	15,076,818	14,842,735
Cost of sales	10,642,989	10,777,447
Gross profit	4,433,828	4,065,287
Selling, general and administrative expenses	3,612,902	3,547,765
Operating profit	820,925	517,522
Non-operating income		
Interest income	36	40
Dividend income of insurance	9,313	8,038
Commission income	3,642	3,710
Surrender value of insurance policies	-	23,507
Insurance claim income	-	29,331
Rent revenue	8,375	7,487
Guarantee commission received	6,886	10,329
Compensation income	3,844	-
Miscellaneous income	3,517	8,704
Total non-operating income	35,617	91,148
Non-operating expenses		
Interest expenses	8,799	9,464
Miscellaneous loss	2,025	980
Total non-operating expenses	10,824	10,445
Ordinary profit	845,718	598,225
Extraordinary income		
Gain on sales of non-current assets	-	519
Compensation for forced relocation	48,667	-
Gain on bargain purchase	2,858	-
Total extraordinary income	51,525	519
Extraordinary losses		
Impairment loss	6,328	16,521
Branch office transfer expenses	17,927	-
Provision for loss on guarantees	-	67,253
Total extraordinary losses	24,255	83,775
Profit before income taxes	872,988	514,970
Income taxes – current	300,679	303,248
Income taxes – deferred	41,931	(58,902)
Total income taxes	342,611	244,345
Profit	530,377	270,624
Profit attributable to non-controlling interests	7,279	12,397
Profit attributable to owners of parent	523,097	258,226

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2018 to May 31, 2019)	Reporting fiscal year (From June 1, 2019 to May 31, 2020)
Profit	530,377	270,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(371)
Total other comprehensive income	(15)	(371)
Comprehensive income	530,361	270,252
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	523,083	257,866
Comprehensive income attributable to non-controlling interests	7,278	12,386

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2018 to May 31, 2019)	Reporting fiscal year (From June 1, 2019 to May 31, 2020)
Cash flows from operating activities		
Profit before income taxes	872,988	514,970
Depreciation	134,356	201,010
Amortization of goodwill	75,252	76,992
Gain on bargain purchase	(2,858)	-
Interest income	(36)	(40)
Interest expenses	8,799	9,464
Loss (gain) on sales of non-current assets	-	(519)
Compensation for forced relocation	(48,667)	-
Branch office transfer expenses	17,927	-
Impairment loss	6,328	16,521
Increase (decrease) in provision for loss on guarantees	-	67,253
Decrease (increase) in trade receivables	(14,085)	3,813
Decrease (increase) in inventories	(50,438)	58,931
Increase (decrease) in accounts payable - other	(180,230)	(33,427)
Increase (decrease) in accrued expenses	15,707	(195,565)
Increase (decrease) in advances received	78,699	(38,752)
Increase (decrease) in deposits received	(44,971)	54,006
Other, net	67,676	2,296
Subtotal	936,449	736,954
Interest and dividends received	61	77
Interest paid	(9,030)	(9,334)
Income taxes (paid) refund	(302,546)	(356,230)
Net cash provided by (used in) operating activities	624,933	371,466
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,802)	-
Purchase of non-current assets	(244,205)	(198,302)
Proceeds from sales of non-current assets	-	17,364
Payments of guarantee deposits	(97,190)	(57,841)
Proceeds from refund of guarantee deposits	16,711	54,997
Other, net	(4,946)	64,315
Net cash provided by (used in) investing activities	(343,433)	(119,465)
Cash flows from financing activities		
Proceeds from long-term borrowings	343,000	-
Repayments of long-term borrowings	(187,807)	(310,933)
Dividends paid	(230,999)	(233,806)
Dividends paid to non-controlling interests	(1,500)	(3,375)
Purchase of treasury shares	(342,688)	-
Proceeds from disposal of treasury shares	293,263	99,292
Other, net	(4,995)	(31,345)
Net cash provided by (used in) financing activities	(131,728)	(480,167)
Net increase (decrease) in cash and cash equivalents	149,771	(228,166)
Cash and cash equivalents at beginning of period	2,803,553	2,953,325
Cash and cash equivalents at end of period	2,953,325	2,725,159