

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (From June 1, 2023 to May 31, 2024) [Japanese GAAP]

July 9, 2024

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
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 TEL:(03)5770-1520
 Planned Annual Shareholders' Meeting Date: August 29, 2024
 Planned Date for Submission of Annual Securities Report: August 29, 2024
 Planned Starting Date for Dividend Payments: July 31, 2024
 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, 2024 (June 1, 2023 – May 31, 2024)

(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 5/2024	18,022	3.5	1,991	(14.4)	2,020	(13.7)	1,233	(19.6)
FY 5/2023	17,410	7.8	2,326	20.9	2,340	17.8	1,533	24.9

(Note) Comprehensive Income FY 5/2024: 1,242 million yen (-19.4 %) FY 5/2023: 1,541 million yen (24.6 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	Yen	yen	%	%	%
FY 5/2024	159.88	–	22.9	18.1	11.0
FY 5/2023	197.80	–	34.0	24.1	13.4

(Reference) Equity in profits(losses) of affiliates FY 5/2024: – million yen FY 5/2023: – million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	Yen
FY 5/2024	11,469	5,776	50.0	743.47
FY 5/2023	10,860	5,078	46.4	653.01

(Reference) Shareholders' Equity FY 5/2024: 5,734 million yen FY 5/2023: 5,037 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 5/2024	1,506	(391)	(740)	6,653
FY 5/2023	1,394	(562)	563	6,279

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 5/2023	–	20.00	–	40.00	60.00	462	30.3	10.3
FY 5/2024	–	30.00	–	30.00	60.00	462	37.5	8.6
FY 5/2025 (Forecast)	–	30.00	–	30.00	60.00		36.1	

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2025 (June 1, 2024– May 31, 2025)

(% 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 5/2025	20,500	13.7	2,100	5.5	2,100	4.0	1,300	5.4	165.98

* 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):	FY 5/2024	7,832,400 shares
	FY 5/2023	7,832,400 shares
(ii) Treasury Stock:	FY 5/2024	118,746 shares
	FY 5/2023	118,682 shares
(iii) Average Number of Shares Outstanding	FY 5/2024	7,713,666 shares
	FY 5/2023	7,754,628 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, 2023)	Reporting fiscal year (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	6,408,686	6,739,441
Accounts receivable-trade and contract assets	1,344,333	1,449,394
Work in process	259,633	274,060
Other	313,980	426,005
Total current assets	8,326,633	8,888,901
Non-current assets		
Property, plant and equipment		
Buildings	600,195	696,092
Accumulated depreciation	(283,055)	(313,674)
Accumulated impairment	(8,331)	(8,331)
Buildings, net	308,808	374,086
Tools, furniture and fixtures	418,569	537,275
Accumulated depreciation	(320,406)	(368,116)
Accumulated impairment	(149)	(149)
Tools, furniture and fixtures, net	98,014	169,009
Land	301,324	328,030
Leased assets	185,476	151,976
Accumulated depreciation	(116,978)	(119,492)
Accumulated impairment	(13,620)	(7,768)
Leased assets, net	54,877	24,715
Other	52,992	106,093
Accumulated depreciation	(45,962)	(56,221)
Other, net	7,029	49,872
Total property, plant and equipment	770,054	945,715
Intangible assets		
Software	271,013	287,365
Goodwill	368,962	319,708
Other	2,426	2,426
Total intangible assets	642,402	609,500
Investments and other assets		
Investment securities	124,670	98,304
Guarantee deposits	466,176	519,872
Deferred tax assets	355,956	362,969
Other	175,021	43,945
Total investments and other assets	1,121,825	1,025,092
Total non-current assets	2,534,282	2,580,307
Total assets	10,860,916	11,469,209

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2023)	Reporting fiscal year (As of May 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	84,296	-
Current portion of long-term borrowings	269,100	546,600
Accounts payable – other	462,730	460,212
Accrued expenses	977,689	942,625
Income taxes payable	261,577	476,101
Contract liabilities	1,035,588	964,939
Lease obligations	41,287	12,822
Other	220,640	235,153
Total current liabilities	3,352,910	3,638,456
Non-current liabilities		
Long-term borrowings	1,961,537	1,645,525
Retirement benefit liability	65,675	52,300
Long-term accounts payable – other	300,974	315,226
Deferred tax liabilities	25,358	23,207
Lease obligations	24,369	15,982
Other	52,045	2,045
Total non-current liabilities	2,429,960	2,054,288
Total liabilities	5,782,870	5,692,744
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	4,129,521	4,822,813
Treasury shares	(128,910)	(129,039)
Total shareholders' equity	5,035,631	5,728,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,487	6,046
Total accumulated other comprehensive income	1,487	6,046
Non-controlling interests	40,926	41,622
Total net assets	5,078,045	5,776,464
Total liabilities and net assets	10,860,916	11,469,209

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2022 to May 31, 2023)	Reporting fiscal year (From June 1, 2023 to May 31, 2024)
Net sales	17,410,527	18,022,443
Cost of sales	11,053,148	11,674,794
Gross profit	6,357,378	6,347,648
Selling, general and administrative expenses	4,031,235	4,356,340
Operating profit	2,326,142	1,991,308
Non-operating income		
Interest income	192	224
Interest on securities	-	3,827
Dividend income of insurance	7,185	9,162
Commission income	1,182	1,653
Surrender value of insurance policies	188	7,321
Insurance claim income	7,199	29,478
Rent revenue	4,098	5,557
Guarantee commission received	1,786	-
Subsidy income	4,639	1,326
Miscellaneous income	2,486	9,207
Total non-operating income	28,959	67,759
Non-operating expenses		
Interest expenses	13,776	16,553
Loss on cancellation of insurance policies	-	2,044
Compensation for damage	-	19,747
Miscellaneous loss	1,167	564
Total non-operating expenses	14,944	38,909
Ordinary profit	2,340,157	2,020,158
Extraordinary income		
Gain on sale of non-current assets	452	1,854
Gain on sale of investment securities	-	2,966
Gain on bargain purchase	14,501	-
Total extraordinary income	14,954	4,820
Extraordinary losses		
Loss on sale of non-current assets	-	2,410
Loss on sale of investment securities	-	178
Loss on cancellation of leases	500	-
Retirement benefits for officers	2,675	-
Total extraordinary losses	3,175	2,589
Profit before income taxes	2,351,936	2,022,389
Income taxes – current	688,514	793,927
Income taxes – deferred	123,802	(9,065)
Total income taxes	812,317	784,862
Profit	1,539,619	1,237,527
Profit attributable to non-controlling interests	5,734	4,277
Profit attributable to owners of parent	1,533,884	1,233,250

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2022 to May 31, 2023)	Reporting fiscal year (From June 1, 2023 to May 31, 2024)
Profit	1,539,619	1,237,527
Other comprehensive income		
Valuation difference on available-for-sale securities	1,489	4,562
Total other comprehensive income	1,489	4,562
Comprehensive income	1,541,109	1,242,090
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,535,372	1,237,809
Comprehensive income attributable to non-controlling interests	5,736	4,280

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2022 to May 31, 2023)	Reporting fiscal year (From June 1, 2023 to May 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,351,936	2,022,389
Depreciation	215,297	231,425
Amortization of goodwill	79,523	86,770
Gain on bargain purchase	(14,501)	-
Loss (gain) on sale of investment securities	-	(2,787)
Interest income	(192)	(224)
Interest income on securities	-	(3,827)
Interest expenses	13,776	16,553
Loss (gain) on sale of non-current assets	(452)	556
Loss on cancellation of leases	500	-
Compensation for damage	-	19,747
Subsidy income	(4,639)	(1,326)
Surrender value of insurance policies	(188)	(7,321)
Decrease (increase) in trade receivables and contract assets	(94,573)	(62,584)
Decrease (increase) in inventories	(11,522)	(14,427)
Increase (decrease) in accounts payable - other	91,334	(9,765)
Increase (decrease) in long-term accounts payable - other	(14,445)	(42,852)
Increase (decrease) in accrued expenses	(212,238)	(43,959)
Increase (decrease) in contract liabilities	176,078	(70,649)
Increase (decrease) in deposits received	(388)	25,403
Other, net	86,332	68,407
Subtotal	2,661,636	2,211,525
Interest and dividends received	194	4,146
Interest paid	(15,288)	(16,551)
Payments for cancellation of leases	(500)	-
Compensation paid for damage	-	(19,747)
Subsidies received	4,639	1,326
Income taxes (paid) refund	(1,255,752)	(674,410)
Net cash provided by (used in) operating activities	1,394,929	1,506,289
Cash flows from investing activities		
Purchase of investment securities	(79,758)	(8,485)
Proceeds from sale of investment securities	-	44,647
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(347,378)	(117,143)
Purchase of non-current assets	(118,733)	(333,185)
Proceeds from sale of non-current assets	29,873	46,363
Payments of guarantee deposits	(13,005)	(56,662)
Proceeds from refund of guarantee deposits	5,762	641
Other, net	(39,372)	32,202
Net cash provided by (used in) investing activities	(562,611)	(391,622)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(84,296)
Proceeds from long-term borrowings	1,374,000	400,000
Repayments of long-term borrowings	(285,755)	(473,309)
Dividends paid	(349,342)	(539,779)
Dividends paid to non-controlling interests	(9,194)	(3,584)
Purchase of treasury shares	(128,783)	(128)
Other, net	(37,056)	(39,889)
Net cash provided by (used in) financing activities	563,867	(740,987)
Net increase (decrease) in cash and cash equivalents	1,396,184	373,680
Cash and cash equivalents at beginning of period	4,883,224	6,279,408
Cash and cash equivalents at end of period	6,279,408	6,653,088