

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2021 (Based on Japanese GAAP)

January 12, 2022

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 14, 2022
 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, 2021 (from June 1, 2021 to November 30, 2021)

(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, 2021	8,493	–	(752)	–	(642)	–	(521)	–
Six months ended November 30, 2020	7,742	21.5	(1,034)	–	(884)	–	(670)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2021	(32.72)	–
Six months ended November 30, 2020	(48.12)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2021	35,133	24,287	69.1
As of May 31, 2021	37,513	25,497	68.0

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, 2021	–	0.00	–	35.00	35.00
Year ending May 31, 2022	–	0.00			
Year ending May 31, 2022 (Forecast)			–	40.00	40.00

3. Forecast of consolidated financial results for the year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

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	35,000	–	3,900	–	4,100	–	2,800	–	175.71

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2021
(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: Yes
- Changes in accounting policies due to other reasons: No
- 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, 2021	16,078,920 shares	As of May 31, 2021	16,078,920 shares
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Number of treasury shares at the end of the period

As of November 30, 2021	134,624 shares	As of May 31, 2021	158,502 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, 2021	15,928,239 shares	Six months ended November 30, 2020	13,940,044 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	18,975	10,949
Notes and accounts receivable - trade	3,748	–
Notes and accounts receivable - trade, and contract assets	–	3,500
Inventories	3,219	7,730
Other	541	1,457
Allowance for doubtful accounts	(4)	(5)
Total current assets	26,480	23,632
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,416	2,378
Land	2,315	2,323
Other, net	522	586
Total property, plant and equipment	5,254	5,288
Intangible assets		
Goodwill	987	925
Other	260	273
Total intangible assets	1,248	1,198
Investments and other assets		
Investment securities	2,693	2,721
Bad debts	0	0
Investment property, net	441	437
Deferred tax assets	357	756
Retirement benefit asset	80	110
Other	1,082	1,110
Allowance for doubtful accounts	(125)	(124)
Total investments and other assets	4,529	5,013
Total non-current assets	11,032	11,500
Total assets	37,513	35,133

(Millions of yen)

	As of May 31, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Accounts payable - operating	834	592
Short-term borrowings	–	1,300
Current portion of bonds payable	50	50
Current portion of long-term borrowings	305	244
Income taxes payable	1,120	321
Advances received on service contracts in progress	4,034	–
Contract liabilities	–	4,595
Provision for bonuses for directors (and other officers)	33	–
Provision for loss on order received	232	224
Other	4,111	2,371
Total current liabilities	10,721	9,700
Non-current liabilities		
Long-term borrowings	572	465
Deferred tax liabilities	53	36
Retirement benefit liability	357	304
Provision for share awards for directors (and other officers)	52	59
Provision for Employee Stock Ownership Plan Trust	21	25
Long-term accounts payable - other	197	188
Provision for loss on guarantees	13	11
Other	26	54
Total non-current liabilities	1,294	1,145
Total liabilities	12,015	10,845
Net assets		
Shareholders' equity		
Share capital	2,803	2,803
Capital surplus	4,387	4,387
Retained earnings	17,593	16,407
Treasury shares	(84)	(71)
Total shareholders' equity	24,700	23,526
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	510	495
Foreign currency translation adjustment	(0)	0
Remeasurements of defined benefit plans	280	258
Total accumulated other comprehensive income	790	754
Non-controlling interests	7	6
Total net assets	25,497	24,287
Total liabilities and net assets	37,513	35,133

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, 2020	Six months ended November 30, 2021
Net sales	7,742	8,493
Cost of sales	5,334	5,717
Gross profit	2,408	2,776
Selling, general and administrative expenses	3,443	3,528
Operating loss	(1,034)	(752)
Non-operating income		
Interest income	2	8
Dividend income	17	21
Share of profit of entities accounted for using equity method	120	50
Rental income from real estate	15	16
Other	52	50
Total non-operating income	208	147
Non-operating expenses		
Interest expenses	3	2
Rental expenses on real estate	10	11
Guarantee commission	7	5
Provision of allowance for doubtful accounts	4	0
Share issuance costs	15	–
Settlement package	–	10
Other	17	8
Total non-operating expenses	58	37
Ordinary loss	(884)	(642)
Extraordinary losses		
Loss on retirement of non-current assets	12	1
Loss on sale of investment securities	4	–
Total extraordinary losses	17	1
Loss before income taxes	(901)	(644)
Income taxes - current	199	242
Income taxes - deferred	(429)	(366)
Total income taxes	(230)	(123)
Loss	(670)	(521)
Loss attributable to owners of parent	(670)	(521)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Loss	(670)	(521)
Other comprehensive income		
Valuation difference on available-for-sale securities	59	(14)
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(9)	(21)
Total other comprehensive income	49	(36)
Comprehensive income	(621)	(557)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(621)	(557)
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Cash flows from operating activities		
Loss before income taxes	(901)	(644)
Depreciation	229	215
Amortization of goodwill	62	62
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(33)
Increase (decrease) in allowance for doubtful accounts	3	0
Increase (decrease) in provision for loss on order received	0	(8)
Increase (decrease) in provision for loss on guarantees	(1)	(1)
Increase (decrease) in retirement benefit liability	(75)	(52)
Increase (decrease) in provision for share awards for directors (and other officers)	9	18
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	4	5
Interest and dividend income	(20)	(29)
Interest expenses	3	2
Share of loss (profit) of entities accounted for using equity method	(120)	(50)
Decrease (increase) in trade receivables	531	–
Decrease (increase) in trade receivables and contract assets	–	248
Decrease (increase) in inventories	(3,736)	(4,510)
Increase (decrease) in advances received on service contracts in progress	313	–
Increase (decrease) in contract liabilities	–	561
Increase (decrease) in trade payables	(472)	(1,055)
Increase (decrease) in accrued consumption taxes	(485)	(680)
Other, net	(1,044)	(1,314)
Subtotal	(5,699)	(7,267)
Interest and dividends received	27	33
Interest paid	(4)	(1)
Income taxes paid	(488)	(1,143)
Net cash provided by (used in) operating activities	(6,163)	(8,378)
Cash flows from investing activities		
Payments into time deposits	(55)	(30)
Proceeds from withdrawal of time deposits	104	150
Purchase of property, plant and equipment	(312)	(168)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(50)	(45)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	12	–
Proceeds from redemption of investment securities	6	1
Other, net	(18)	(2)
Net cash provided by (used in) investing activities	(314)	(95)

(Millions of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	700	1,300
Proceeds from long-term borrowings	60	–
Repayments of long-term borrowings	(290)	(168)
Proceeds from disposal of treasury shares	766	–
Proceeds from issuance of shares	1,606	–
Dividends paid	(344)	(558)
Proceeds from share issuance to non-controlling shareholders	7	–
Other, net	(1)	(4)
Net cash provided by (used in) financing activities	2,504	568
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(3,973)	(7,905)
Cash and cash equivalents at beginning of period	13,356	17,888
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	256	–
Cash and cash equivalents at end of period	9,639	9,983