

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2022 (Based on Japanese GAAP)

July 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 of ordinary general meeting of shareholders: August 26, 2022
 Scheduled date to file Securities Report: August 29, 2022
 Scheduled date to commence dividend payments: August 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(1) Consolidated operating results

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	%
Year ended May 31, 2022	36,668	–	4,491	–	4,706	–	3,121	–
Year ended May 31, 2021	34,334	13.0	3,857	29.2	4,054	26.6	2,784	37.2

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended May 31, 2022	197.46	–	11.8	12.3	12.3
Year ended May 31, 2021	187.47	–	12.2	11.8	11.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	39,240	27,544	70.2	1,763.46
As of May 31, 2021	37,513	25,497	68.0	1,601.13

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2022	956	(505)	(1,315)	17,023
Year ended May 31, 2021	3,397	(752)	1,631	17,888

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 31, 2021	–	0.00	–	35.00	35.00	562	18.7	2.3
Year ended May 31, 2022	–	0.00	–	43.00	43.00	691	21.8	2.6
Year ending May 31, 2023 (Forecast)	–	0.00	–	50.00	50.00		24.7	

3. Forecast of consolidated financial results for the year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

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	37,000	100.9	4,600	102.4	4,800	102.0	3,200	102.5	202.43

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of May 31, 2022	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 May 31, 2022	463,740 shares	As of May 31, 2021	158,502 shares
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Average number of shares during the period

Year ended May 31, 2022	15,808,324 shares	Year ended May 31, 2021	14,854,106 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	18,975	18,090
Notes and accounts receivable - trade	3,748	–
Accounts receivable - trade	–	4,317
Contract assets	–	924
Inventories	3,219	3,613
Advance payments to suppliers	69	104
Prepaid expenses	267	298
Other	204	340
Allowance for doubtful accounts	(4)	(6)
Total current assets	26,480	27,683
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,387	5,466
Accumulated depreciation	(2,971)	(3,093)
Buildings and structures, net	2,416	2,372
Machinery, equipment and vehicles	269	266
Accumulated depreciation	(216)	(221)
Machinery, equipment and vehicles, net	53	44
Tools, furniture and fixtures	1,897	2,054
Accumulated depreciation	(1,441)	(1,558)
Tools, furniture and fixtures, net	456	495
Leased assets	20	51
Accumulated depreciation	(9)	(10)
Leased assets, net	11	40
Land	2,315	2,335
Construction in progress	1	5
Total property, plant and equipment	5,254	5,294
Intangible assets		
Goodwill	987	862
Other	260	323
Total intangible assets	1,248	1,186
Investments and other assets		
Investment securities	2,693	2,946
Bad debts	0	0
Investment property	778	781
Accumulated depreciation	(337)	(346)
Investment property, net	441	435
Deferred tax assets	357	504
Retirement benefit asset	80	83
Other	1,082	1,217
Allowance for doubtful accounts	(125)	(112)
Total investments and other assets	4,529	5,075
Total non-current assets	11,032	11,556
Total assets	37,513	39,240

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - operating	834	1,090
Current portion of bonds payable	50	–
Current portion of long-term borrowings	305	213
Accounts payable - other	1,067	1,294
Accrued expenses	2,127	2,265
Income taxes payable	1,120	1,111
Accrued consumption taxes	769	454
Advances received on service contracts in progress	4,034	–
Contract liabilities	–	3,692
Provision for bonuses for directors (and other officers)	33	26
Provision for loss on orders received	232	264
Other	146	134
Total current liabilities	10,721	10,549
Non-current liabilities		
Long-term borrowings	572	358
Lease liabilities	8	34
Deferred tax liabilities	53	55
Retirement benefit liability	357	384
Provision for share awards for directors (and other officers)	52	78
Provision for Employee Stock Ownership Plan Trust	21	31
Long-term accounts payable - other	197	176
Provision for loss on guarantees	13	10
Guarantee deposits received	18	18
Total non-current liabilities	1,294	1,146
Total liabilities	12,015	11,696
Net assets		
Shareholders' equity		
Share capital	2,803	2,803
Capital surplus	4,387	4,379
Retained earnings	17,593	20,050
Treasury shares	(84)	(467)
Total shareholders' equity	24,700	26,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	510	612
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	280	160
Total accumulated other comprehensive income	790	771
Non-controlling interests	7	7
Total net assets	25,497	27,544
Total liabilities and net assets	37,513	39,240

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales		
Completed service contracts	34,334	36,668
Cost of sales		
Cost of completed service contracts	22,933	24,465
Gross profit	11,401	12,202
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	749	729
Salaries and allowances	2,451	2,573
Bonuses	1,130	1,162
Retirement benefit expenses	81	84
Provision for share awards for directors (and other officers)	22	38
Provision for share-based remuneration for employee	9	12
Legal welfare expenses	667	698
Travel and transportation expenses	131	146
Rent expenses	393	434
Provision of allowance for doubtful accounts	0	–
Depreciation	179	131
Amortization of goodwill	125	125
Other	1,602	1,573
Total selling, general and administrative expenses	7,543	7,711
Operating profit	3,857	4,491
Non-operating income		
Interest income	9	14
Dividend income	33	39
Share of profit of entities accounted for using equity method	160	122
Rental income from real estate	31	32
Consulting fee income	9	6
Other	44	69
Total non-operating income	289	283
Non-operating expenses		
Interest expenses	11	11
Rental expenses on real estate	23	22
Guarantee commission	12	9
Foreign exchange losses	14	–
Share issuance costs	17	–
Settlement payments	–	10
Other	12	14
Total non-operating expenses	91	68
Ordinary profit	4,054	4,706

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Extraordinary losses		
Loss on valuation of investment securities	–	9
Loss on retirement of non-current assets	16	3
Loss on sale of investment securities	4	–
Total extraordinary losses	21	12
Profit before income taxes	4,033	4,693
Income taxes - current	1,394	1,672
Income taxes - deferred	(145)	(100)
Total income taxes	1,249	1,572
Profit	2,784	3,121
Profit attributable to owners of parent	2,784	3,121

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Profit	2,784	3,121
Other comprehensive income		
Valuation difference on available-for-sale securities	99	102
Foreign currency translation adjustment	0	(0)
Remeasurements of defined benefit plans, net of tax	185	(120)
Total other comprehensive income	285	(18)
Comprehensive income	3,069	3,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,069	3,102
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of changes in equity

Fiscal year ended May 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000	3,785	15,093	(1,058)	19,819
Cumulative effects of changes in accounting policies					–
Restated balance	2,000	3,785	15,093	(1,058)	19,819
Changes during period					
Issuance of new shares	803	803			1,606
Dividends of surplus			(344)		(344)
Change in scope of consolidation			60		60
Profit attributable to owners of parent			2,784		2,784
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(201)		975	773
Net changes in items other than shareholders' equity					
Total changes during period	803	601	2,500	974	4,880
Balance at end of period	2,803	4,387	17,593	(84)	24,700

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	410	–	94	505	–	20,324
Cumulative effects of changes in accounting policies						–
Restated balance	410	–	94	505	–	20,324
Changes during period						
Issuance of new shares						1,606
Dividends of surplus						(344)
Change in scope of consolidation						60
Profit attributable to owners of parent						2,784
Purchase of treasury shares						(0)
Disposal of treasury shares						773
Net changes in items other than shareholders' equity	99	(0)	185	285	7	292
Total changes during period	99	(0)	185	285	7	5,172
Balance at end of period	510	(0)	280	790	7	25,497

Fiscal year ended May 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,803	4,387	17,593	(84)	24,700
Cumulative effects of changes in accounting policies			(102)		(102)
Restated balance	2,803	4,387	17,491	(84)	24,597
Changes during period					
Issuance of new shares					–
Dividends of surplus			(562)		(562)
Change in scope of consolidation					–
Profit attributable to owners of parent			3,121		3,121
Purchase of treasury shares				(807)	(807)
Disposal of treasury shares		(7)		424	416
Net changes in items other than shareholders' equity					
Total changes during period	–	(7)	2,558	(383)	2,167
Balance at end of period	2,803	4,379	20,050	(467)	26,765

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	510	(0)	280	790	7	25,497
Cumulative effects of changes in accounting policies						(102)
Restated balance	510	(0)	280	790	7	25,395
Changes during period						
Issuance of new shares						–
Dividends of surplus						(562)
Change in scope of consolidation						–
Profit attributable to owners of parent						3,121
Purchase of treasury shares						(807)
Disposal of treasury shares						416
Net changes in items other than shareholders' equity	102	(0)	(120)	(18)	0	(18)
Total changes during period	102	(0)	(120)	(18)	0	2,149
Balance at end of period	612	(0)	160	771	7	27,544

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,033	4,693
Depreciation	491	468
Amortization of goodwill	125	125
Increase (decrease) in provision for bonuses for directors (and other officers)	33	(6)
Increase (decrease) in allowance for doubtful accounts	(1)	(10)
Increase (decrease) in provision for loss on orders received	225	31
Increase (decrease) in provision for loss on guarantees	(3)	(3)
Increase (decrease) in retirement benefit liability	(162)	(145)
Increase (decrease) in provision for share awards for directors (and other officers)	22	25
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	9	10
Interest and dividend income	(42)	(53)
Interest expenses	11	11
Loss on retirement of non-current assets	19	9
Share of loss (profit) of entities accounted for using equity method	(160)	(122)
Decrease (increase) in trade receivables	(1,301)	-
Decrease (increase) in trade receivables and contract assets	-	(1,493)
Decrease (increase) in inventories	317	(393)
Decrease (increase) in insurance funds	11	-
Increase (decrease) in advances received on service contracts in progress	(101)	-
Increase (decrease) in contract liabilities	-	(341)
Increase (decrease) in trade payables	(6)	483
Increase (decrease) in accrued consumption taxes	202	(315)
Other, net	483	(262)
Subtotal	4,206	2,713
Interest and dividends received	53	59
Interest paid	(12)	(10)
Income taxes paid	(850)	(1,805)
Net cash provided by (used in) operating activities	3,397	956
Cash flows from investing activities		
Payments into time deposits	(308)	(230)
Proceeds from withdrawal of time deposits	157	250
Purchase of property, plant and equipment	(493)	(384)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(88)	(144)
Purchase of investment securities	(118)	(1)
Proceeds from sale of investment securities	12	1
Proceeds from redemption of investment securities	108	4
Loan advances to subsidiaries and associates	(10)	-
Other, net	(11)	(0)
Net cash provided by (used in) investing activities	(752)	(505)

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	80	–
Repayments of long-term borrowings	(481)	(305)
Redemption of bonds	–	(50)
Proceeds from disposal of treasury shares	766	416
Purchase of treasury shares	(0)	(807)
Proceeds from issuance of shares	1,606	–
Dividends paid	(344)	(559)
Proceeds from share issuance to non-controlling shareholders	7	–
Other, net	(3)	(9)
Net cash provided by (used in) financing activities	1,631	(1,315)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	4,275	(864)
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	17,888	17,023