

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

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 16, 2023  
 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, 2022 (from June 1, 2022 to November 30, 2022)

(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, 2022	8,470	(0.3)	(1,182)	–	(1,051)	–	(844)	–
Six months ended November 30, 2021	8,493	–	(752)	–	(642)	–	(521)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2022	(54.09)	–
Six months ended November 30, 2021	(32.72)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	36,508	26,075	71.4
As of May 31, 2022	39,240	27,544	70.2

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, 2022	–	0.00	–	43.00	43.00
Year ending May 31, 2023	–	0.00			
Year ending May 31, 2023 (Forecast)			–	50.00	50.00

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	0.9	4,600	2.4	4,800	2.0	3,200	2.5	202.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2022  
(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, 2022	16,078,920 shares	As of May 31, 2022	16,078,920 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	449,362 shares	As of May 31, 2022	463,740 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, 2022	15,619,917 shares	Six months ended November 30, 2021	15,928,239 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	18,090	11,005
Accounts receivable - trade, and contract assets	5,241	3,361
Inventories	3,613	7,728
Other	744	1,413
Allowance for doubtful accounts	(6)	(6)
Total current assets	27,683	23,503
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,372	2,575
Land	2,335	2,335
Other, net	586	710
Total property, plant and equipment	5,294	5,622
Intangible assets		
Goodwill	862	801
Other	323	874
Total intangible assets	1,186	1,675
Investments and other assets		
Investment securities	2,946	3,105
Bad debts	0	1
Investment property, net	435	431
Deferred tax assets	504	939
Retirement benefit asset	83	91
Other	1,217	1,251
Allowance for doubtful accounts	(112)	(112)
Total investments and other assets	5,075	5,707
Total non-current assets	11,556	13,005
Total assets	39,240	36,508

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - operating	1,090	667
Short-term borrowings	–	1,900
Current portion of long-term borrowings	213	231
Income taxes payable	1,111	279
Contract liabilities	3,692	3,428
Provision for bonuses for directors (and other officers)	26	–
Provision for loss on orders received	264	314
Other	4,149	2,566
<b>Total current liabilities</b>	<b>10,549</b>	<b>9,388</b>
<b>Non-current liabilities</b>		
Long-term borrowings	358	233
Deferred tax liabilities	55	65
Retirement benefit liability	384	352
Provision for share awards for directors (and other officers)	78	97
Provision for Employee Stock Ownership Plan Trust	31	30
Long-term accounts payable - other	176	176
Provision for loss on guarantees	10	8
Other	52	80
<b>Total non-current liabilities</b>	<b>1,146</b>	<b>1,044</b>
<b>Total liabilities</b>	<b>11,696</b>	<b>10,433</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,803	2,803
Capital surplus	4,379	4,379
Retained earnings	20,050	18,513
Treasury shares	(467)	(453)
<b>Total shareholders' equity</b>	<b>26,765</b>	<b>25,242</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	612	686
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	160	134
<b>Total accumulated other comprehensive income</b>	<b>771</b>	<b>819</b>
<b>Non-controlling interests</b>	<b>7</b>	<b>12</b>
<b>Total net assets</b>	<b>27,544</b>	<b>26,075</b>
<b>Total liabilities and net assets</b>	<b>39,240</b>	<b>36,508</b>

**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, 2021	Six months ended November 30, 2022
Net sales	8,493	8,470
Cost of sales	5,717	5,884
Gross profit	2,776	2,586
Selling, general and administrative expenses	3,528	3,769
Operating loss	(752)	(1,182)
Non-operating income		
Interest income	8	9
Dividend income	21	22
Share of profit of entities accounted for using equity method	50	60
Rental income from real estate	16	17
Other	50	49
Total non-operating income	147	158
Non-operating expenses		
Interest expenses	2	1
Rental expenses on real estate	11	11
Guarantee commission	5	5
Provision of allowance for doubtful accounts	0	5
Settlement payments	10	–
Other	8	3
Total non-operating expenses	37	27
Ordinary loss	(642)	(1,051)
Extraordinary losses		
Loss on retirement of non-current assets	1	24
Office relocation expenses	–	6
Total extraordinary losses	1	31
Loss before income taxes	(644)	(1,083)
Income taxes - current	242	197
Income taxes - deferred	(366)	(440)
Total income taxes	(123)	(243)
Loss	(521)	(839)
Profit attributable to non-controlling interests	–	5
Loss attributable to owners of parent	(521)	(844)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Loss	(521)	(839)
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	74
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(21)	(26)
Total other comprehensive income	(36)	48
Comprehensive income	(557)	(791)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(557)	(796)
Comprehensive income attributable to non-controlling interests	(0)	5

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Loss before income taxes	(644)	(1,083)
Depreciation	215	249
Amortization of goodwill	62	61
Increase (decrease) in provision for bonuses for directors (and other officers)	(33)	(26)
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for loss on orders received	(8)	50
Increase (decrease) in provision for loss on guarantees	(1)	(1)
Increase (decrease) in retirement benefit liability	(52)	(70)
Increase (decrease) in provision for share awards for directors (and other officers)	18	21
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	5	10
Interest and dividend income	(29)	(31)
Interest expenses	2	1
Share of loss (profit) of entities accounted for using equity method	(50)	(60)
Decrease (increase) in trade receivables and contract assets	248	1,880
Decrease (increase) in inventories	(4,510)	(4,115)
Increase (decrease) in contract liabilities	561	(263)
Increase (decrease) in trade payables	(1,055)	(1,448)
Increase (decrease) in accrued consumption taxes	(680)	(422)
Other, net	(1,314)	(1,004)
Subtotal	(7,267)	(6,255)
Interest and dividends received	33	33
Interest paid	(1)	(2)
Income taxes paid	(1,143)	(961)
Net cash provided by (used in) operating activities	(8,378)	(7,184)
Cash flows from investing activities		
Payments into time deposits	(30)	(80)
Proceeds from withdrawal of time deposits	150	100
Purchase of property, plant and equipment	(168)	(451)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(45)	(526)
Purchase of investment securities	(0)	(0)
Proceeds from redemption of investment securities	1	–
Other, net	(2)	(17)
Net cash provided by (used in) investing activities	(95)	(976)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,300	1,900
Repayments of long-term borrowings	(168)	(106)
Dividends paid	(558)	(690)
Other, net	(4)	(8)
Net cash provided by (used in) financing activities	568	1,094
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(7,905)	(7,065)
Cash and cash equivalents at beginning of period	17,888	17,023
Cash and cash equivalents at end of period	9,983	9,958