

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2021

(From June 1, 2020 to May 31, 2021)

[Japanese GAAP]

July 13, 2021

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 CEO/COO
 For Inquiries, Contact: Seiichiro Matsumura, Head of Finance and Accounting Group
 TEL: (03)5770-1520
 Planned Annual Shareholders' Meeting Date: August 27, 2021
 Planned Date for Submission of Annual Securities Report: August 27, 2021
 Planned Starting Date for Dividend Payments: July 30, 2021
 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, 2021 (June 1, 2020 – May 31, 2021)

(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 5/2021	14,397	(3.0)	402	(22.2)	474	(20.7)	264	2.5
FY 5/2020	14,842	(1.6)	517	(37.0)	598	(29.3)	258	(50.6)

(Note) Comprehensive Income FY 5/2021: 269 million yen (-0.2 %) FY 5/2020: 270 million yen (-49.0 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	yen	yen	%	%	%
FY 5/2021	33.95	—	9.3	7.2	2.8
FY 5/2020	33.69	—	9.9	8.8	3.5

(Reference) Equity in profits(losses) of affiliates FY 5/2021: –million yen FY 5/2020: –million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY 5/2021	6,477	3,024	46.1	381.58
FY 5/2020	6,762	2,746	40.0	349.86

(Reference) Shareholders' Equity FY 5/2021: 2,989 million yen FY 5/2020: 2,705 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 5/2021	209	114	(422)	2,626
FY 5/2020	371	(119)	(480)	2,725

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 5/2020	—	15.00	—	12.00	27.00	211	80.1	7.9
FY 5/2021	—	0.00	—	15.00	15.00	117	44.2	4.1
FY 5/2022 (Forecast)	—	15.00	—	15.00	30.00		47.7	

3. Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2022 (June 1, 2021 – May 31, 2022)

(% 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 5/2022	15,232	5.8	789	95.9	825	74.1	492	85.9	62.84

* 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 5/2021	7,832,400 shares
	End of FY 5/2020	7,832,400 shares
(ii) Treasury Stock:	End of FY 5/2021	85 shares
	End of FY 5/2020	98,085 shares
(iii) Average Number of Shares Outstanding	End of FY 5/2021	7,798,876 shares
	End of FY 5/2020	7,664,342 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, 2020)	Reporting fiscal year (As of May 31, 2021)
Assets		
Current assets		
Cash and deposits	2,725,761	2,650,798
Accounts receivable-trade	786,998	902,549
Work in process	439,345	420,120
Other	337,595	287,865
Allowance for doubtful accounts	(86)	-
Total current assets	4,289,615	4,261,334
Non-current assets		
Property, plant and equipment		
Buildings	379,023	387,778
Accumulated depreciation	(110,573)	(127,532)
Accumulated impairment loss	(10,885)	(8,331)
Buildings, net	257,563	251,914
Tools, furniture and fixtures	334,190	354,888
Accumulated depreciation	(227,594)	(254,567)
Accumulated impairment loss	(149)	(149)
Tools, furniture and fixtures, net	106,446	100,170
Land	92,736	92,736
Leased assets	158,445	172,707
Accumulated depreciation	(35,596)	(74,654)
Accumulated impairment loss	(11,814)	(13,620)
Leased assets, net	111,034	84,432
Other	13,525	10,491
Accumulated depreciation	(10,939)	(8,382)
Other, net	2,585	2,108
Total property, plant and equipment	570,366	531,363
Intangible assets		
Software	360,690	321,162
Goodwill	496,750	432,680
Other	1,694	1,694
Total intangible assets	859,136	755,537
Investments and other assets		
Investment securities	1,055	1,028
Guarantee deposits	481,816	469,228
Deferred tax assets	405,025	403,842
Other	155,830	55,483
Allowance for doubtful accounts	(4)	-
Total investments and other assets	1,043,723	929,583
Total non-current assets	2,473,225	2,216,484
Total assets	6,762,841	6,477,818

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2020)	Reporting fiscal year (As of May 31, 2021)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	137,100	137,100
Accounts payable – other	280,617	294,193
Accrued expenses	646,760	784,842
Income taxes payable	248,514	153,128
Advances received	869,866	769,391
Lease obligations	33,881	35,168
Other	307,589	187,401
Total current liabilities	2,524,329	2,361,225
Non-current liabilities		
Long-term borrowings	1,118,062	788,325
Retirement benefit liability	64,512	56,133
Long-term accounts payable – other	104,313	105,283
Lease obligations	99,757	68,689
Provision for loss on guarantees	67,253	-
Other	37,714	73,790
Total non-current liabilities	1,491,614	1,092,222
Total liabilities	4,015,943	3,453,447
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	42,236	42,236
Retained earnings	1,783,390	1,954,162
Treasury shares	(112,091)	(72)
Total shareholders' equity	2,706,319	2,989,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(411)	(428)
Total accumulated other comprehensive income	(411)	(428)
Non-controlling interests	40,988	35,688
Total net assets	2,746,897	3,024,370
Total liabilities and net assets	6,762,841	6,477,818

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2019 to May 31, 2020)	Reporting fiscal year (From June 1, 2020 to May 31, 2021)
Net sales	14,842,735	14,397,766
Cost of sales	10,777,447	10,457,940
Gross profit	4,065,287	3,939,825
Selling, general and administrative expenses	3,547,765	3,536,981
Operating profit	517,522	402,844
Non-operating income		
Interest income	40	28
Dividend income of insurance	8,038	6,956
Commission income	3,710	3,290
Surrender value of insurance policies	23,507	4,063
Insurance claim income	29,331	-
Rent revenue	7,487	6,718
Guarantee commission received	10,329	8,608
Subsidy income	-	92,826
Gain on investments in silent partnerships	-	3,593
Miscellaneous income	8,704	4,301
Total non-operating income	91,148	130,387
Non-operating expenses		
Interest expenses	9,464	8,382
Loss on guarantees	-	49,482
Miscellaneous loss	980	1,032
Total non-operating expenses	10,445	58,896
Ordinary profit	598,225	474,334
Extraordinary income		
Gain on sales of non-current assets	519	-
Total extraordinary income	519	-
Extraordinary losses		
Loss on sales of non-current assets	-	640
Impairment loss	16,521	2,160
Provision for loss on guarantees	67,253	-
Total extraordinary losses	83,775	2,800
Profit before income taxes	514,970	471,534
Income taxes – current	303,248	186,685
Income taxes – deferred	(58,902)	15,219
Total income taxes	244,345	201,904
Profit	270,624	269,629
Profit attributable to non-controlling interests	12,397	4,869
Profit attributable to owners of parent	258,226	264,759

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2019 to May 31, 2020)	Reporting fiscal year (From June 1, 2020 to May 31, 2021)
Profit	270,624	269,629
Other comprehensive income		
Valuation difference on available-for-sale securities	(371)	(17)
Total other comprehensive income	(371)	(17)
Comprehensive income	270,252	269,611
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	257,866	264,742
Comprehensive income attributable to non-controlling interests	12,386	4,869

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2019 to May 31, 2020)	Reporting fiscal year (From June 1, 2020 to May 31, 2021)
Cash flows from operating activities		
Profit before income taxes	514,970	471,534
Depreciation	201,010	216,055
Amortization of goodwill	76,992	76,268
Interest income	(40)	(28)
Interest expenses	9,464	8,382
Loss (gain) on sales of non-current assets	(519)	640
Subsidy income	-	(92,826)
Impairment loss	16,521	2,160
Increase (decrease) in provision for loss on guarantees	67,253	(67,253)
Decrease (increase) in trade receivables	3,813	(93,435)
Decrease (increase) in inventories	58,931	29,610
Increase (decrease) in accounts payable - other	(33,427)	3,179
Increase (decrease) in accrued expenses	(195,565)	83,272
Increase (decrease) in advances received	(38,752)	(107,117)
Increase (decrease) in deposits received	54,006	(78,008)
Other, net	2,296	(53,320)
Subtotal	736,954	399,113
Interest and dividends received	77	32
Interest paid	(9,334)	(8,237)
Subsidies received	-	92,826
Income taxes (paid) refund	(356,230)	(274,671)
Net cash provided by (used in) operating activities	371,466	209,062
Cash flows from investing activities		
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	95,645
Purchase of non-current assets	(198,302)	(92,664)
Proceeds from sales of non-current assets	17,364	24,280
Payments of guarantee deposits	(57,841)	(15,506)
Proceeds from refund of guarantee deposits	54,997	24,889
Other, net	64,315	77,742
Net cash provided by (used in) investing activities	(119,465)	114,386
Cash flows from financing activities		
Repayments of long-term borrowings	(310,933)	(345,273)
Dividends paid	(233,806)	(93,395)
Dividends paid to non-controlling interests	(3,375)	(10,170)
Proceeds from disposal of treasury shares	99,292	62,454
Other, net	(31,345)	(35,838)
Net cash provided by (used in) financing activities	(480,167)	(422,223)
Net increase (decrease) in cash and cash equivalents	(228,166)	(98,775)
Cash and cash equivalents at beginning of period	2,953,325	2,725,159
Cash and cash equivalents at end of period	2,725,159	2,626,384