

Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2019

(From June 1, 2018 to May 31, 2019)

[Japanese GAAP]

July 9, 2019

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 COO
 For Inquiries, Contact: Shigeru Kato, Executive Officer, Head of Finance and Accounting Group
 TEL: (03)5770-1520
 Planned Annual Shareholders' Meeting Date: August 29, 2019
 Planned Date for Submission of Annual Securities Report: August 29, 2019
 Planned Starting Date for Dividend Payments: July 31, 2019
 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, 2019 (June 1, 2018 – May 31, 2019)

(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 5/2019	15,076	15.1	820	18.9	845	20.5	523	21.7
FY 5/2018	13,097	15.3	690	138.3	702	90.9	429	102.0

(Note) Comprehensive Income FY 5/2019: 530 million yen (22.7 %) FY 5/2018: 432 million yen (103.1 %)

	Profit per Share	Diluted Profit per Share	Return on Equity (ROE)	Ordinary Profit / Total Assets	Operating Profit / Net Sales
	yen	yen	%	%	%
FY 5/2019	68.94	—	21.8	12.8	5.4
FY 5/2018	55.37	—	18.9	13.4	5.3

(Reference) Equity in profits(losses) of affiliates FY 5/2019: –million yen FY 5/2018: –million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY 5/2019	6,896	2,561	36.7	332.87
FY 5/2018	6,346	2,296	35.7	297.10

(Reference) Shareholders' Equity FY 5/ 2019: 2,529million yen FY 5/ 2018: 2,267 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 5/2019	624	(343)	(131)	2,953
FY 5/2018	675	(275)	299	2,803

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 5/2018	—	15.00	—	15.00	30.00	231	54.2	10.2
FY 5/2019	—	15.00	—	15.00	30.00	234	43.5	9.5
FY 5/2020 (Forecast)	—	15.00	—	15.00	30.00		79.5	

3. Consolidated Results Forecasts for the Fiscal Year Ending May 31, 2020 (June 1, 2019 – May 31, 2020)

(% 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 5/2020 Q2	7,513	3.8	205	(40.9)	229	(36.9)	124	(46.5)	16.33
FY 5/2020	15,119	0.3	495	(39.6)	530	(37.2)	286	(45.2)	37.72

* 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):
- (ii) Treasury Stock:
- (iii) Average Number of Shares Outstanding

End of FY 5/2019	7,832,400 shares
End of FY 5/2018	7,832,400 shares
End of FY 5/2019	231,985 shares
End of FY 5/2018	200,083 shares
End of FY 5/2019	7,588,261 shares
End of FY 5/2018	7,764,920 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, 2018)	Reporting fiscal year (As of May 31, 2019)
Assets		
Current assets		
Cash and deposits	2,804,155	2,989,915
Accounts receivable-trade	713,282	790,457
Work in process	446,244	500,246
Other	176,366	221,219
Allowance for doubtful accounts	(92)	(251)
Total current assets	4,139,957	4,501,586
Non-current assets		
Property, plant and equipment		
Buildings	300,293	351,187
Accumulated depreciation	(86,221)	(98,519)
Accumulated impairment loss	-	(6,328)
Buildings, net	214,071	246,340
Tools, furniture and fixtures	256,170	323,635
Accumulated depreciation	(185,010)	(217,114)
Tools, furniture and fixtures, net	71,159	106,520
Land	101,076	101,076
Other	12,009	65,206
Accumulated depreciation	(1,287)	(17,796)
Other, net	10,722	47,409
Total property, plant and equipment	397,030	501,346
Intangible assets		
Software	294,427	338,861
Goodwill	648,996	573,743
Other	824	1,694
Total intangible assets	944,248	914,299
Investments and other assets		
Investment securities	1,647	1,783
Guarantee deposits	441,929	488,304
Deferred tax assets	367,613	345,925
Other	54,525	143,805
Allowance for doubtful accounts	-	(365)
Total investments and other assets	865,716	979,454
Total non-current assets	2,206,994	2,395,100
Total assets	6,346,951	6,896,687

(Unit: thousand yen)

	Previous fiscal year (As of May 31, 2018)	Reporting fiscal year (As of May 31, 2019)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	137,100	154,920
Accounts payable – other	459,133	369,259
Accrued expenses	819,406	842,325
Income taxes payable	155,580	170,223
Advances received	827,219	908,619
Other	223,703	219,363
Total current liabilities	2,622,143	2,664,712
Non-current liabilities		
Long-term borrowings	1,199,625	1,411,176
Retirement benefit liability	100,077	69,232
Long-term accounts payable – other	90,323	104,254
Other	37,921	85,376
Total non-current liabilities	1,427,946	1,670,040
Total liabilities	4,050,090	4,334,752
Net assets		
Shareholders' equity		
Share capital	992,784	992,784
Capital surplus	7,677	42,236
Retained earnings	1,469,004	1,760,133
Treasury shares	(201,870)	(265,145)
Total shareholders' equity	2,267,596	2,530,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35)	(50)
Total accumulated other comprehensive income	(35)	(50)
Non-controlling interests	29,300	31,977
Total net assets	2,296,861	2,561,934
Total liabilities and net assets	6,346,951	6,896,687

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

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2017 to May 31, 2018)	Reporting fiscal year (From June 1, 2018 to May 31, 2019)
Net sales	13,097,494	15,076,818
Cost of sales	9,338,050	10,642,989
Gross profit	3,759,443	4,433,828
Selling, general and administrative expenses	3,068,787	3,612,902
Operating profit	690,655	820,925
Non-operating income		
Interest income	25	36
Dividend income of insurance	6,491	9,313
Commission income	4,853	3,642
Rent revenue	3,359	8,375
Guarantee commission received	-	6,886
Compensation income	-	3,844
Miscellaneous income	4,260	3,517
Total non-operating income	18,989	35,617
Non-operating expenses		
Interest expenses	5,775	8,799
Loss on cancellation of leases	1,240	-
Miscellaneous loss	608	2,025
Total non-operating expenses	7,624	10,824
Ordinary profit	702,020	845,718
Extraordinary income		
Compensation for forced relocation	-	48,667
Gain on bargain purchase	-	2,858
Total extraordinary income	-	51,525
Extraordinary losses		
Loss on sales of non-current assets	105	-
Loss on retirement of non-current assets	144	-
Branch office transfer expenses	-	17,927
Impairment loss	-	6,328
Total extraordinary losses	249	24,255
Profit before income taxes	701,771	872,988
Income taxes – current	268,597	300,679
Income taxes – deferred	756	41,931
Total income taxes	269,354	342,611
Profit	432,417	530,377
Profit attributable to non-controlling interests	2,493	7,279
Profit attributable to owners of parent	429,924	523,097

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2017 to May 31, 2018)	Reporting fiscal year (From June 1, 2018 to May 31, 2019)
Profit	432,417	530,377
Other comprehensive income		
Valuation difference on available-for-sale securities	(36)	(15)
Total other comprehensive income	(36)	(15)
Comprehensive income	432,380	530,361
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	429,888	523,083
Comprehensive income attributable to non-controlling interests	2,492	7,278

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From June 1, 2017 to May 31, 2018)	Reporting fiscal year (From June 1, 2018 to May 31, 2019)
Cash flows from operating activities		
Profit before income taxes	701,771	872,988
Depreciation	107,845	134,356
Amortization of goodwill	43,765	75,252
Gain on bargain purchase	-	(2,858)
Interest income	(25)	(36)
Interest expenses	5,775	8,799
Loss (gain) on sales of non-current assets	105	-
Loss on retirement of non-current assets	144	-
Compensation for forced relocation	-	(48,667)
Branch office transfer expenses	-	17,927
Impairment loss	-	6,328
Decrease (increase) in trade receivables	(12,801)	(14,085)
Decrease (increase) in inventories	(24,465)	(50,438)
Increase (decrease) in accounts payable - other	(49,603)	(180,230)
Increase (decrease) in accrued expenses	60,501	15,707
Increase (decrease) in advances received	25,078	78,699
Other, net	51,942	22,705
Subtotal	910,033	936,449
Interest and dividends received	26	61
Interest paid	(6,681)	(9,030)
Income taxes (paid) refund	(227,616)	(302,546)
Net cash provided by (used in) operating activities	675,762	624,933
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(120,690)	(13,802)
Purchase of non-current assets	(119,227)	(244,205)
Proceeds from sales of non-current assets	452	-
Payments of guarantee deposits	(9,480)	(97,190)
Proceeds from refund of guarantee deposits	1,913	16,711
Other, net	(28,041)	(4,946)
Net cash provided by (used in) investing activities	(275,074)	(343,433)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(600,000)	-
Proceeds from long-term borrowings	1,371,000	343,000
Repayments of long-term borrowings	(34,275)	(187,807)
Dividends paid	(234,710)	(230,999)
Dividends paid to non-controlling interests	-	(1,500)
Purchase of treasury shares	(201,800)	(342,688)
Proceeds from disposal of treasury shares	-	293,263
Other, net	(1,019)	(4,995)
Net cash provided by (used in) financing activities	299,195	(131,728)
Net increase (decrease) in cash and cash equivalents	699,883	149,771
Cash and cash equivalents at beginning of period	2,103,670	2,803,553
Cash and cash equivalents at end of period	2,803,553	2,953,325