

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2023 (Based on Japanese GAAP)

July 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 of ordinary general meeting of shareholders: August 30, 2023
 Scheduled date to file Securities Report: August 31, 2023
 Scheduled date to commence dividend payments: August 31, 2023
 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, 2023 (from June 1, 2022 to May 31, 2023)

(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, 2023	37,509	2.3	4,462	(0.6)	4,636	(1.5)	3,059	(2.0)
Year ended May 31, 2022	36,668	–	4,491	–	4,706	–	3,121	–

	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, 2023	195.84	–	10.7	11.8	11.9
Year ended May 31, 2022	197.46	–	11.8	12.3	12.3

(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, 2023	39,241	29,916	76.2	1,913.57
As of May 31, 2022	39,240	27,544	70.2	1,763.46

(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, 2023	1,382	(1,487)	(924)	15,994
Year ended May 31, 2022	956	(505)	(1,315)	17,023

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, 2022	–	0.00	–	43.00	43.00	691	21.8	2.6
Year ended May 31, 2023	–	0.00	–	50.00	50.00	803	25.5	2.7
Year ending May 31, 2024 (Forecast)	–	0.00	–	55.00	55.00		26.9	

3. Forecast of consolidated financial results for the year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

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	38,300	2.1	4,600	3.1	4,800	3.5	3,200	4.6	204.81

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2023

(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, 2023	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 May 31, 2023	449,402 shares	As of May 31, 2022	463,740 shares
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Average number of shares during the period

Year ended May 31, 2023	15,624,348 shares	Year ended May 31, 2022	15,808,324 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	18,090	17,092
Accounts receivable - trade	4,317	4,429
Contract assets	924	1,065
Securities	–	100
Inventories	3,613	2,981
Advance payments to suppliers	104	42
Prepaid expenses	298	462
Other	340	386
Allowance for doubtful accounts	(6)	(6)
Total current assets	27,683	26,553
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,466	5,906
Accumulated depreciation	(3,093)	(3,175)
Buildings and structures, net	2,372	2,731
Machinery, equipment and vehicles	266	259
Accumulated depreciation	(221)	(223)
Machinery, equipment and vehicles, net	44	36
Tools, furniture and fixtures	2,054	2,185
Accumulated depreciation	(1,558)	(1,687)
Tools, furniture and fixtures, net	495	497
Leased assets	51	88
Accumulated depreciation	(10)	(24)
Leased assets, net	40	64
Land	2,335	2,335
Construction in progress	5	0
Total property, plant and equipment	5,294	5,666
Intangible assets		
Goodwill	862	741
Other	323	1,077
Total intangible assets	1,186	1,818
Investments and other assets		
Investment securities	2,946	3,004
Bad debts	0	1
Investment property	781	788
Accumulated depreciation	(346)	(355)
Investment property, net	435	432
Deferred tax assets	504	245
Retirement benefit asset	83	114
Other	1,217	1,506
Allowance for doubtful accounts	(112)	(102)
Total investments and other assets	5,075	5,203
Total non-current assets	11,556	12,688
Total assets	39,240	39,241

(Millions of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - operating	1,090	1,083
Current portion of long-term borrowings	213	229
Accounts payable - other	1,294	728
Accrued expenses	2,265	2,345
Income taxes payable	1,111	490
Accrued consumption taxes	454	404
Contract liabilities	3,692	2,564
Provision for bonuses for directors (and other officers)	26	22
Provision for loss on orders received	264	245
Other	134	181
Total current liabilities	10,549	8,296
Non-current liabilities		
Long-term borrowings	358	128
Lease liabilities	34	52
Deferred tax liabilities	55	65
Retirement benefit liability	384	422
Provision for share awards for directors (and other officers)	78	116
Provision for Employee Stock Ownership Plan Trust	31	36
Long-term accounts payable - other	176	176
Provision for loss on guarantees	10	7
Guarantee deposits received	18	23
Total non-current liabilities	1,146	1,028
Total liabilities	11,696	9,325
Net assets		
Shareholders' equity		
Share capital	2,803	2,803
Capital surplus	4,379	4,379
Retained earnings	20,050	22,418
Treasury shares	(467)	(454)
Total shareholders' equity	26,765	29,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	670
Foreign currency translation adjustment	(0)	(2)
Remeasurements of defined benefit plans	160	93
Total accumulated other comprehensive income	771	761
Non-controlling interests	7	8
Total net assets	27,544	29,916
Total liabilities and net assets	39,240	39,241

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

(Millions of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Net sales		
Completed service contracts	36,668	37,509
Cost of sales		
Cost of completed service contracts	24,465	25,204
Gross profit	12,202	12,304
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	729	739
Salaries and allowances	2,573	2,702
Bonuses	1,162	993
Retirement benefit expenses	84	79
Provision for share awards for directors (and other officers)	38	40
Provision for share-based remuneration for employee	12	11
Legal welfare expenses	698	679
Travel and transportation expenses	146	184
Rent expenses	434	463
Depreciation	131	174
Amortization of goodwill	125	121
Other	1,573	1,651
Total selling, general and administrative expenses	7,711	7,841
Operating profit	4,491	4,462
Non-operating income		
Interest income	14	14
Dividend income	39	42
Share of profit of entities accounted for using equity method	122	94
Rental income from real estate	32	38
Consulting fee income	6	6
Other	69	40
Total non-operating income	283	235
Non-operating expenses		
Interest expenses	11	12
Rental expenses on real estate	22	24
Guarantee commission	9	10
Settlement payments	10	–
Other	14	13
Total non-operating expenses	68	61
Ordinary profit	4,706	4,636

(Millions of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Extraordinary income		
Gain on sale of non-current assets	–	2
Total extraordinary income	–	2
Extraordinary losses		
Loss on valuation of investment securities	9	–
Loss on retirement of non-current assets	3	64
Office relocation expenses	–	6
Total extraordinary losses	12	70
Profit before income taxes	4,693	4,568
Income taxes - current	1,672	1,223
Income taxes - deferred	(100)	284
Total income taxes	1,572	1,508
Profit	3,121	3,059
Profit attributable to owners of parent	3,121	3,059

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Profit	3,121	3,059
Other comprehensive income		
Valuation difference on available-for-sale securities	102	57
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(120)	(67)
Total other comprehensive income	(18)	(10)
Comprehensive income	3,103	3,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,102	3,049
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of changes in equity

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					
Dividends of surplus			(562)		(562)
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						
Dividends of surplus						(562)
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

Fiscal year ended May 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,803	4,379	20,050	(467)	26,765
Changes during period					
Dividends of surplus			(691)		(691)
Profit attributable to owners of parent			3,059		3,059
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				13	13
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,368	13	2,382
Balance at end of period	2,803	4,379	22,418	(454)	29,147

	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	612	(0)	160	771	7	27,544
Changes during period						
Dividends of surplus						(691)
Profit attributable to owners of parent						3,059
Purchase of treasury shares						(0)
Disposal of treasury shares						13
Net changes in items other than shareholders' equity	57	(1)	(67)	(10)	0	(10)
Total changes during period	57	(1)	(67)	(10)	0	2,371
Balance at end of period	670	(2)	93	761	8	29,916

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,693	4,568
Depreciation	468	539
Amortization of goodwill	125	121
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	(3)
Increase (decrease) in allowance for doubtful accounts	(10)	(9)
Increase (decrease) in provision for loss on orders received	31	(18)
Increase (decrease) in provision for loss on guarantees	(3)	(3)
Increase (decrease) in retirement benefit liability	(145)	(58)
Increase (decrease) in provision for share awards for directors (and other officers)	25	40
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	10	15
Interest and dividend income	(53)	(56)
Interest expenses	11	12
Loss on retirement of non-current assets	9	69
Share of loss (profit) of entities accounted for using equity method	(122)	(94)
Decrease (increase) in trade receivables and contract assets	(1,493)	(253)
Decrease (increase) in inventories	(393)	632
Increase (decrease) in contract liabilities	(341)	(1,128)
Increase (decrease) in trade payables	483	(789)
Increase (decrease) in accrued consumption taxes	(315)	(49)
Other, net	(262)	(330)
Subtotal	2,713	3,203
Interest and dividends received	59	65
Interest paid	(10)	(12)
Income taxes paid	(1,805)	(1,873)
Net cash provided by (used in) operating activities	956	1,382
Cash flows from investing activities		
Payments into time deposits	(230)	(230)
Proceeds from withdrawal of time deposits	250	200
Purchase of property, plant and equipment	(384)	(617)
Proceeds from sale of property, plant and equipment	0	2
Purchase of intangible assets	(144)	(797)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	1	-
Proceeds from redemption of investment securities	4	4
Other, net	(0)	(48)
Net cash provided by (used in) investing activities	(505)	(1,487)

(Millions of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(305)	(213)
Redemption of bonds	(50)	–
Proceeds from disposal of treasury shares	416	–
Purchase of treasury shares	(807)	(0)
Dividends paid	(559)	(691)
Other, net	(9)	(19)
Net cash provided by (used in) financing activities	(1,315)	(924)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(864)	(1,029)
Cash and cash equivalents at beginning of period	17,888	17,023
Cash and cash equivalents at end of period	17,023	15,994