

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2024 (Based on Japanese GAAP)

July 12, 2024

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 29, 2024
 Scheduled date to file Securities Report: August 30, 2024
 Scheduled date to commence dividend payments: August 30, 2024
 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, 2024 (from June 1, 2023 to May 31, 2024)

(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, 2024	37,207	(0.8)	4,348	(2.3)	4,597	(0.6)	3,032	(0.6)
Year ended May 31, 2023	37,509	–	4,451	–	4,624	–	3,051	–

	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, 2024	193.62	–	9.7	11.4	11.7
Year ended May 31, 2023	195.32	–	10.6	11.8	11.9

(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, 2024	41,423	32,592	78.7	2,078.04
As of May 31, 2023	39,194	29,869	76.2	1,910.56

(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, 2024	3,940	(941)	(1,058)	17,935
Year ended May 31, 2023	1,382	(1,487)	(924)	15,994

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, 2023	–	0.00	–	50.00	50.00	803	25.5	2.7
Year ended May 31, 2024	–	0.00	–	55.00	55.00	884	28.4	2.8
Year ending May 31, 2025 (Forecast)	–	25.00	–	40.00	65.00		30.4	

3. Forecast of consolidated financial results for the year ending May 31, 2025 (from June 1, 2024 to May 31, 2025)

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	38,500	3.5	4,850	11.5	4,950	7.7	3,350	10.5	213.90

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2024

(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: No

Changes in accounting policies due to other reasons: Yes

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, 2024	16,078,920 shares	As of May 31, 2023	16,078,920 shares
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Number of treasury shares at the end of the period

As of May 31, 2024	398,869 shares	As of May 31, 2023	449,402 shares
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Average number of shares during the period

Year ended May 31, 2024	15,661,776 shares	Year ended May 31, 2023	15,624,348 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	17,092	19,186
Accounts receivable - trade	4,429	3,943
Contract assets	1,065	904
Securities	100	–
Inventories	2,913	2,924
Advance payments to suppliers	42	94
Prepaid expenses	462	617
Other	386	491
Allowance for doubtful accounts	(6)	(8)
Total current assets	26,485	28,151
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,906	5,871
Accumulated depreciation	(3,175)	(3,203)
Buildings and structures, net	2,731	2,668
Machinery, equipment and vehicles	259	265
Accumulated depreciation	(223)	(232)
Machinery, equipment and vehicles, net	36	32
Tools, furniture and fixtures	2,185	2,150
Accumulated depreciation	(1,687)	(1,744)
Tools, furniture and fixtures, net	497	405
Leased assets	88	132
Accumulated depreciation	(24)	(48)
Leased assets, net	64	84
Land	2,335	2,333
Construction in progress	0	247
Total property, plant and equipment	5,666	5,772
Intangible assets		
Goodwill	741	621
Other	1,077	1,510
Total intangible assets	1,818	2,131
Investments and other assets		
Investment securities	3,004	3,161
Bad debts	1	–
Investment property	788	789
Accumulated depreciation	(355)	(364)
Investment property, net	432	424
Deferred tax assets	266	226
Retirement benefit asset	114	143
Other	1,506	1,500
Allowance for doubtful accounts	(102)	(88)
Total investments and other assets	5,223	5,368
Total non-current assets	12,708	13,271
Total assets	39,194	41,423

(Millions of yen)

	As of May 31, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - operating	1,083	891
Current portion of long-term borrowings	229	111
Accounts payable - other	728	847
Accrued expenses	2,345	2,126
Income taxes payable	490	992
Accrued consumption taxes	404	296
Contract liabilities	2,564	2,282
Provision for bonuses for directors (and other officers)	22	28
Provision for loss on orders received	245	265
Other	181	243
Total current liabilities	8,296	8,084
Non-current liabilities		
Long-term borrowings	128	17
Lease liabilities	52	65
Deferred tax liabilities	65	238
Retirement benefit liability	422	62
Provision for share awards for directors (and other officers)	116	119
Provision for Employee Stock Ownership Plan Trust	36	39
Long-term accounts payable - other	176	176
Provision for loss on guarantees	7	3
Guarantee deposits received	23	24
Total non-current liabilities	1,028	746
Total liabilities	9,325	8,831
Net assets		
Shareholders' equity		
Share capital	2,803	2,803
Capital surplus	4,379	4,379
Retained earnings	22,371	24,600
Treasury shares	(454)	(403)
Total shareholders' equity	29,100	31,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	670	932
Foreign currency translation adjustment	(2)	(7)
Remeasurements of defined benefit plans	93	279
Total accumulated other comprehensive income	761	1,204
Non-controlling interests	8	8
Total net assets	29,869	32,592
Total liabilities and net assets	39,194	41,423

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

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Net sales		
Completed service contracts	37,509	37,207
Cost of sales		
Cost of completed service contracts	24,977	24,732
Gross profit	12,531	12,474
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	739	710
Salaries and allowances	2,702	2,824
Bonuses	993	738
Provision for bonuses for directors (and other officers)	22	28
Retirement benefit expenses	79	78
Provision for share awards for directors (and other officers)	40	33
Provision for share-based remuneration for employee	11	10
Legal welfare expenses	679	649
Travel and transportation expenses	184	191
Rent expenses	463	609
Depreciation	174	255
Amortization of goodwill	121	120
Other	1,867	1,873
Total selling, general and administrative expenses	8,080	8,125
Operating profit	4,451	4,348
Non-operating income		
Interest income	14	9
Dividend income	42	107
Share of profit of entities accounted for using equity method	94	108
Rental income from real estate	38	44
Consulting fee income	6	6
Other	40	38
Total non-operating income	235	313
Non-operating expenses		
Interest expenses	12	13
Rental expenses on real estate	24	26
Guarantee commission	10	12
Other	13	11
Total non-operating expenses	61	65
Ordinary profit	4,624	4,597
Extraordinary income		
Gain on sale of non-current assets	2	0
Total extraordinary income	2	0

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Extraordinary losses		
Loss on retirement of non-current assets	64	3
Impairment losses	–	2
Office relocation expenses	6	4
Total extraordinary losses	70	10
Profit before income taxes	4,556	4,587
Income taxes - current	1,223	1,525
Income taxes - deferred	280	29
Total income taxes	1,504	1,555
Profit	3,051	3,032
Profit attributable to owners of parent	3,051	3,032

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Profit	3,051	3,032
Other comprehensive income		
Valuation difference on available-for-sale securities	57	262
Foreign currency translation adjustment	(0)	(4)
Remeasurements of defined benefit plans, net of tax	(67)	185
Total other comprehensive income	(10)	443
Comprehensive income	3,041	3,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,041	3,475
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	2,803	4,379	20,011	(467)	26,726
Changes during period					
Dividends of surplus			(691)		(691)
Profit attributable to owners of parent			3,051		3,051
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				13	13
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,360	13	2,373
Balance at end of period	2,803	4,379	22,371	(454)	29,100

	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
Cumulative effects of changes in accounting policies						(38)
Restated balance	612	(0)	160	771	7	27,505
Changes during period						
Dividends of surplus						(691)
Profit attributable to owners of parent						3,051
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	2,363
Balance at end of period	670	(2)	93	761	8	29,869

Fiscal year ended May 31, 2024

(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	22,371	(454)	29,100
Changes during period					
Dividends of surplus			(803)		(803)
Profit attributable to owners of parent			3,032		3,032
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		51	51
Net changes in items other than shareholders' equity					
Total changes during period	–	0	2,228	50	2,279
Balance at end of period	2,803	4,379	24,600	(403)	31,379

	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	670	(2)	93	761	8	29,869
Changes during period						
Dividends of surplus						(803)
Profit attributable to owners of parent						3,032
Purchase of treasury shares						(0)
Disposal of treasury shares						51
Net changes in items other than shareholders' equity	262	(5)	185	443	0	443
Total changes during period	262	(5)	185	443	0	2,723
Balance at end of period	932	(7)	279	1,204	8	32,592

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,556	4,587
Depreciation	539	619
Amortization of goodwill	121	120
Increase (decrease) in provision for bonuses for directors (and other officers)	(3)	5
Increase (decrease) in allowance for doubtful accounts	(9)	(11)
Increase (decrease) in provision for loss on orders received	(18)	19
Increase (decrease) in provision for loss on guarantees	(3)	(3)
Increase (decrease) in retirement benefit liability	(58)	(92)
Increase (decrease) in provision for share awards for directors (and other officers)	40	2
Increase (decrease) in Provision for Management Board Incentive Plan Trust-NCL	15	2
Interest and dividend income	(56)	(116)
Interest expenses	12	13
Loss on retirement of non-current assets	69	5
Share of loss (profit) of entities accounted for using equity method	(94)	(108)
Decrease (increase) in accounts receivable - trade, and contract assets	(253)	649
Decrease (increase) in inventories	643	(10)
Increase (decrease) in contract liabilities	(1,128)	(281)
Increase (decrease) in trade payables	(789)	(159)
Increase (decrease) in accrued consumption taxes	(49)	(108)
Other, net	(330)	(280)
Subtotal	3,203	4,851
Interest and dividends received	65	122
Interest paid	(12)	(13)
Income taxes paid	(1,873)	(1,019)
Net cash provided by (used in) operating activities	1,382	3,940
Cash flows from investing activities		
Payments into time deposits	(230)	(353)
Proceeds from withdrawal of time deposits	200	200
Proceeds from redemption of securities	-	100
Purchase of property, plant and equipment	(617)	(510)
Proceeds from sale of property, plant and equipment	2	0
Purchase of intangible assets	(797)	(692)
Purchase of investment securities	(1)	(171)
Proceeds from sale of investment securities	-	653
Proceeds from redemption of investment securities	4	50
Purchase of shares of subsidiaries	-	(220)
Other, net	(48)	2
Net cash provided by (used in) investing activities	(1,487)	(941)

	(Millions of yen)	
	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	(213)	(229)
Dividends paid	(691)	(803)
Other, net	(19)	(25)
Net cash provided by (used in) financing activities	(924)	(1,058)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(1,029)	1,940
Cash and cash equivalents at beginning of period	17,023	15,994
Cash and cash equivalents at end of period	15,994	17,935