

# Financial Results for the First Quarter

From June 1, 2020 to August 31, 2020



ERI Holdings Co., Ltd.  
September 30, 2020

# ERI

Evaluation, Rating, Inspection

# Holdings

## Decrease in revenue and earnings year on year

- In the first quarter, continuous restraint on our clients' operation due to COVID-19 inflicted a blow on our business.
- Both new housing and non-housing starts decreased by double-digit.
- Both Building Confirmation and Inspection and Housing Performance Evaluation services revenue decreased largely due to the slowdown of new housing and non-housing starts.
- Solution Services revenue decreased due to stagnation in real estate transaction and on-site inspection among others.
- Other Services revenue also decreased in such business conditions.
- Continuous cost-cutting effort and subsidy income for employment adjustment result in surplus ordinary profit.
- Acquisition of Sakoken Co., Ltd. in September will impact from the third quarter results.

# Consolidated financial results

(Millions of yen)	1Q Previous fiscal year (Jun. 2019 – Aug. 2019)	1Q Reporting fiscal year (Jun. 2020– Aug. 2020)	Change	
			Amounts	Ratio
Net Sales	3,687	<b>3,399</b>	▲288	▲7.8%
Operating Profit	50	<b>▲29</b>	▲80	▲158.5%
Operating Profit Ratio	1.4%	<b>▲0.9%</b>	-	-
Ordinary Profit	105	<b>20</b>	▲84	▲80.3%
Ordinary Profit Ratio	2.9%	<b>0.6%</b>	-	-
Profit Attributable to Owners of Parent	63	<b>7</b>	▲56	▲87.8%
Profit per Share (Yen)	8.38	<b>1.01</b>	▲7.37	▲87.9%

# Consolidated financial results by segment

(Millions of yen)	1Q Previous fiscal year (Jun. 2019 – Aug. 2019)	1Q Reporting fiscal year (Jun. 2020 – Aug. 2020)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	1,997 [54.2%]	<b>1,903</b> [56.0%]	▲94	▲4.7%	22	▲30
Housing Performance Evaluation and its related services	971 [26.4%]	<b>889</b> [26.2%]	▲82	▲8.5%	15	1
Solution Services	296 [8.0%]	<b>232</b> [6.8%]	▲63	▲21.5%	▲30	▲49
Others	421 [11.4%]	<b>374</b> [11.0%]	▲47	▲11.3%	▲21	▲1
Net Sales Total	3,687 [100.0%]	<b>3,399</b> [100.0%]	▲288	▲7.8%	▲13	▲80

\* From this fiscal year, segmentation is updated as follows.

"Building Confirmation and Inspection" was renamed "Building Confirmation and Inspection and its related services." Segment of Structural Evaluations of High-rise Buildings and Approving of Compliance with Building Type Standards was changed from "Others" to "Building Confirmation and Inspection and its related services." Segment of Approving of Housing Type Performance, etc. was changed from "Others" to "Housing Performance Evaluation and its related services."

# Main operating figures | Consolidated

		1Q Previous fiscal year (Jun. 2019 – Aug. 2019)		1Q Reporting fiscal year (Jun. 2020 – Aug. 2020)		Change	
		Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building Confirmations		20,224	871	<b>17,248</b>	<b>802</b>	▲2,976	▲69
Final Inspections		17,349	699	<b>16,570</b>	<b>690</b>	▲779	▲9
Housing Design Performance Evaluations	Detached Houses	9,855	266	<b>8,255</b>	<b>244</b>	▲1,600	▲22
	Collective Houses	6,316	71	<b>6,417</b>	<b>68</b>	101	▲3
Housing Construction Performance Evaluations	Detached Houses	7,748	435	<b>7,770</b>	<b>416</b>	22	▲19
	Collective Houses	6,081	83	<b>4,080</b>	<b>57</b>	▲2,001	▲26

# Key service figures | Consolidated

	1Q Previous fiscal year (Jun. 2019 – Aug. 2019)		1Q Reporting fiscal year (Jun. 2020 – Aug. 2020)		Change		
	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	
Building Confirmations for medium to large size buildings (over 500 sqm)	1,395	401	<b>1,267</b>	<b>384</b>	▲128	▲17	
Technical Assessments for Long-life Quality Housings	7,740	105	<b>6,407</b>	<b>88</b>	▲1,333	▲17	
Inspections for Housing Defect Liability Insurance	10,011	94	<b>9,347</b>	<b>77</b>	▲664	▲17	
Evaluation for Compliance with Energy Consumption Performance of Buildings	377	63	<b>390</b>	<b>62</b>	13	▲1	
BELS Certifications	Non-housings	28	4	<b>18</b>	<b>2</b>	▲10	▲2
	Housings	1,295	21	<b>2,075</b>	<b>33</b>	780	12

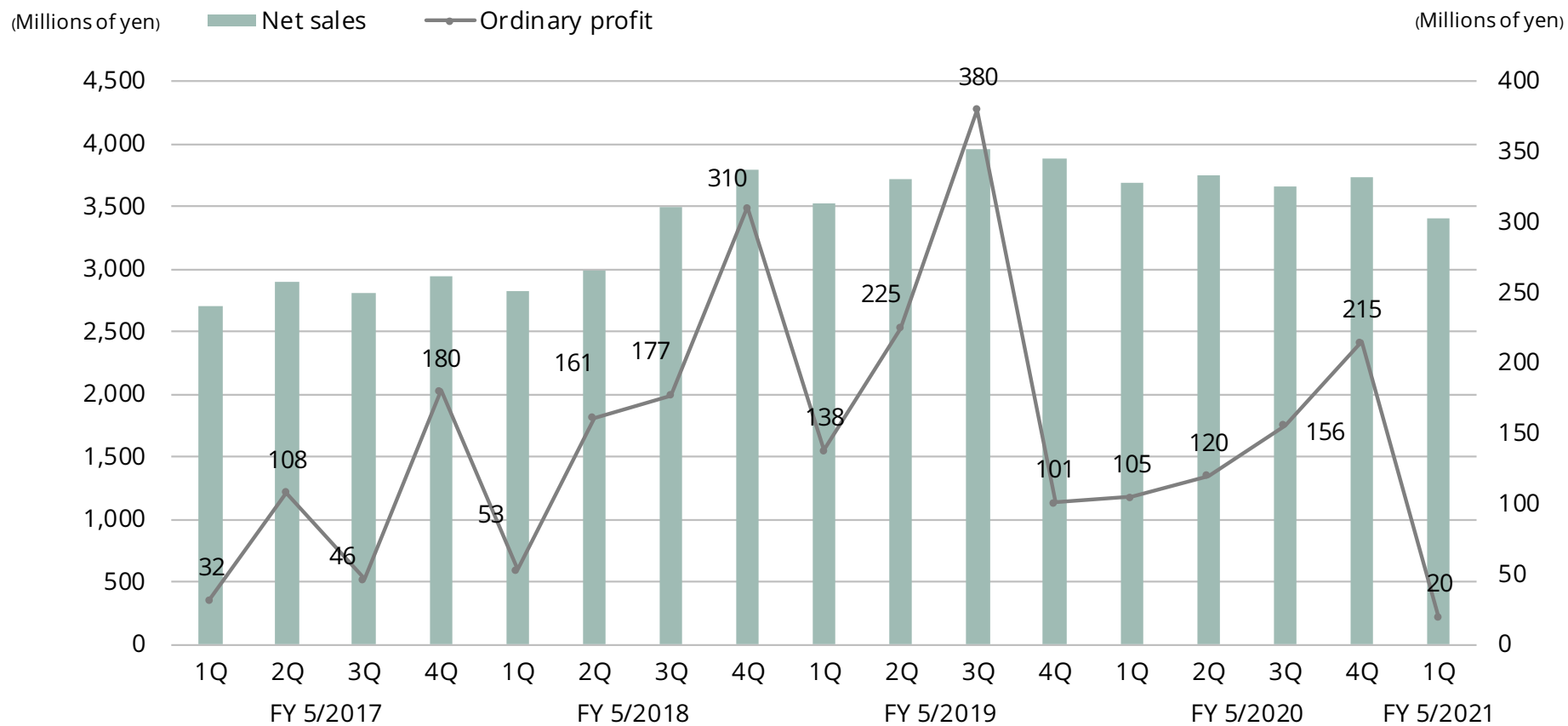
\* "Building Confirmations for medium to large size buildings (over 500 sqm)" includes the numbers of plan change.

\* "Technical Assessments for Long-life Quality Housings" represents the numbers and amounts of conformance certificate, which includes the numbers and amounts of extension and renovation. The numbers of plan change is included.

\* Counting rules of "Inspections for Housing Defect Liability Insurance" is as follows. 1) Including Defect Insurance but excluding inspection for insurance firm and Housing Performance Certification, 2) Including insurance brokerage, and 3) Including the data of all housing defect liability insurance companies.

\* From FY 5/2020 report, "Evaluation for Compliance with Energy Consumption Performance of Buildings" excludes the numbers of plan change.

# Changes of quarterly results | Consolidated



# Forecasts for FY 5/2021

(Millions of yen)	FY 5/2020 (Jun. 2019 – May 2020)	FY 5/2021 (Jun. 2020 – May 2021)	Change	
			Amounts	Ratio
Net Sales	14,842	<b>14,546</b>	▲296	▲2.0%
Operating Profit	517	<b>273</b>	▲244	▲47.2%
Operating Profit Ratio	3.5%	<b>1.9%</b>	-	-
Ordinary Profit	598	<b>300</b>	▲297	▲49.7%
Ordinary Profit Ratio	4.0%	<b>2.1%</b>	-	-
Profit Attributable to Owners of Parent	258	<b>157</b>	▲101	▲39.2%
Profit per Share (Yen)	33.69	<b>20.31</b>	▲13.38	▲39.7%



## About forecasts

- Roughly three months have passed since the lift of the state of emergency declaration, our clients' business operation have gradually resumed. However, we should pay close attention watch on the situation.
- FY 5/2021 forecast is based on the assumption that a market will hit the bottom in 1Q and gradually start to recover in 2Q and then largely return to normal in 4Q.
- So far, our business has been going within the earlier assumption and we keep initial forecast intact.
- Because of a large uncertainty of such business condition, dividend forecast is not yet determined. It will be decided in accordance with the revise of the above forecast.

## Acquisition of Sakoken Co., Ltd.

- Sep. 17, 2020, ERI holdings acquired 100% outstanding shares.
- Expanding housing related services in Hokkaido.

Company Outline	
Company name	Sakoken Co., Ltd.
Head office	Sapporo-shi, Hokkaido
Main business contents	Building Confirmation and Inspection, Housing Performance Evaluation, Home Inspection, etc.
Establishment	October 1974
Employee	66 (April 2020)
Capital	15 million yen
Net sales	547 million yen (FY ended March 2020)

# Contact

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