

# ERI

Evaluation, Rating, Inspection

# Holdings



Commitment to the sustainability-oriented business practices

2023 Full-Year Results

From June 1, 2023 to May 31, 2024

ERI Holdings Co., Ltd. (Security code : 6083)

July 9, 2024

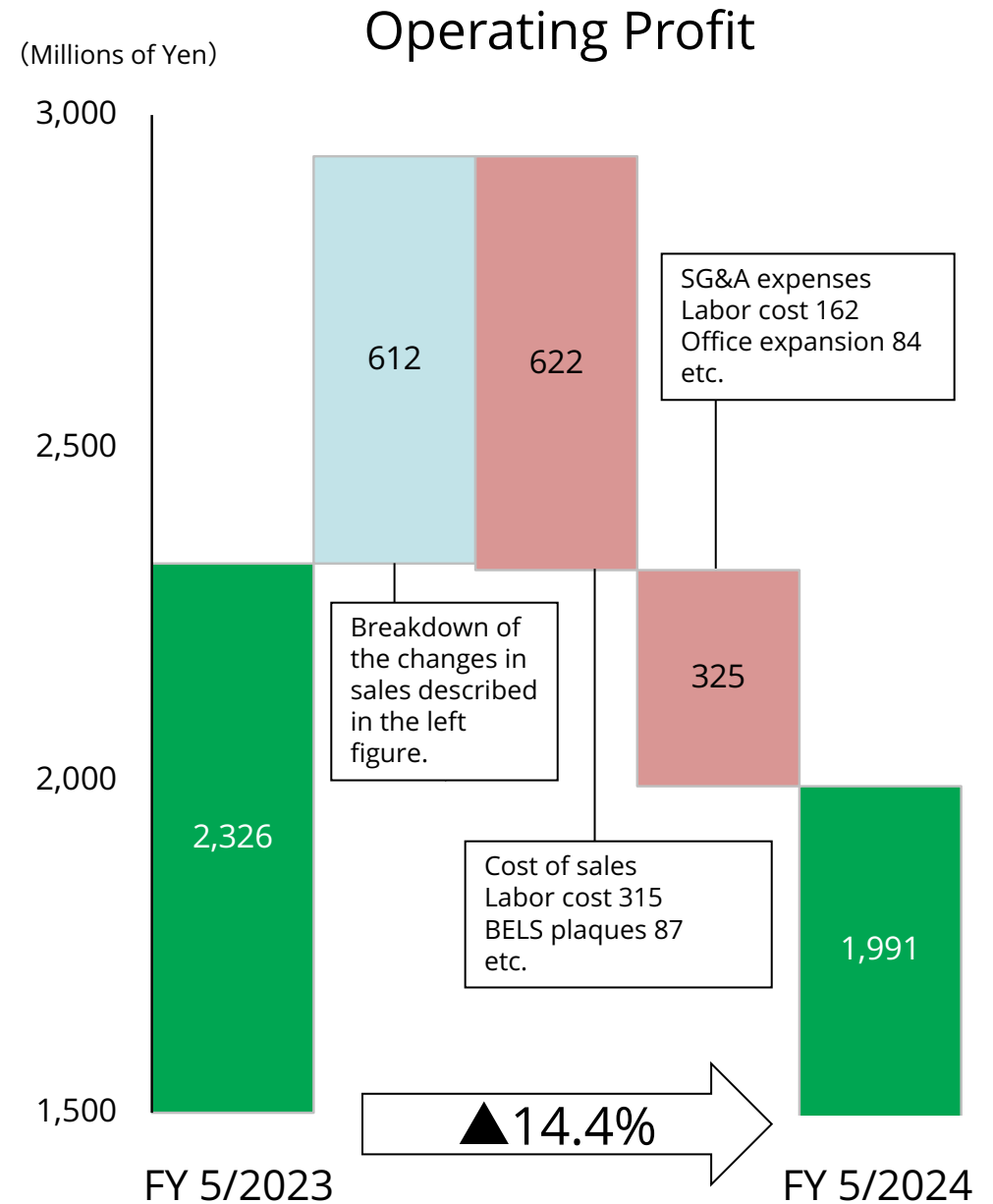
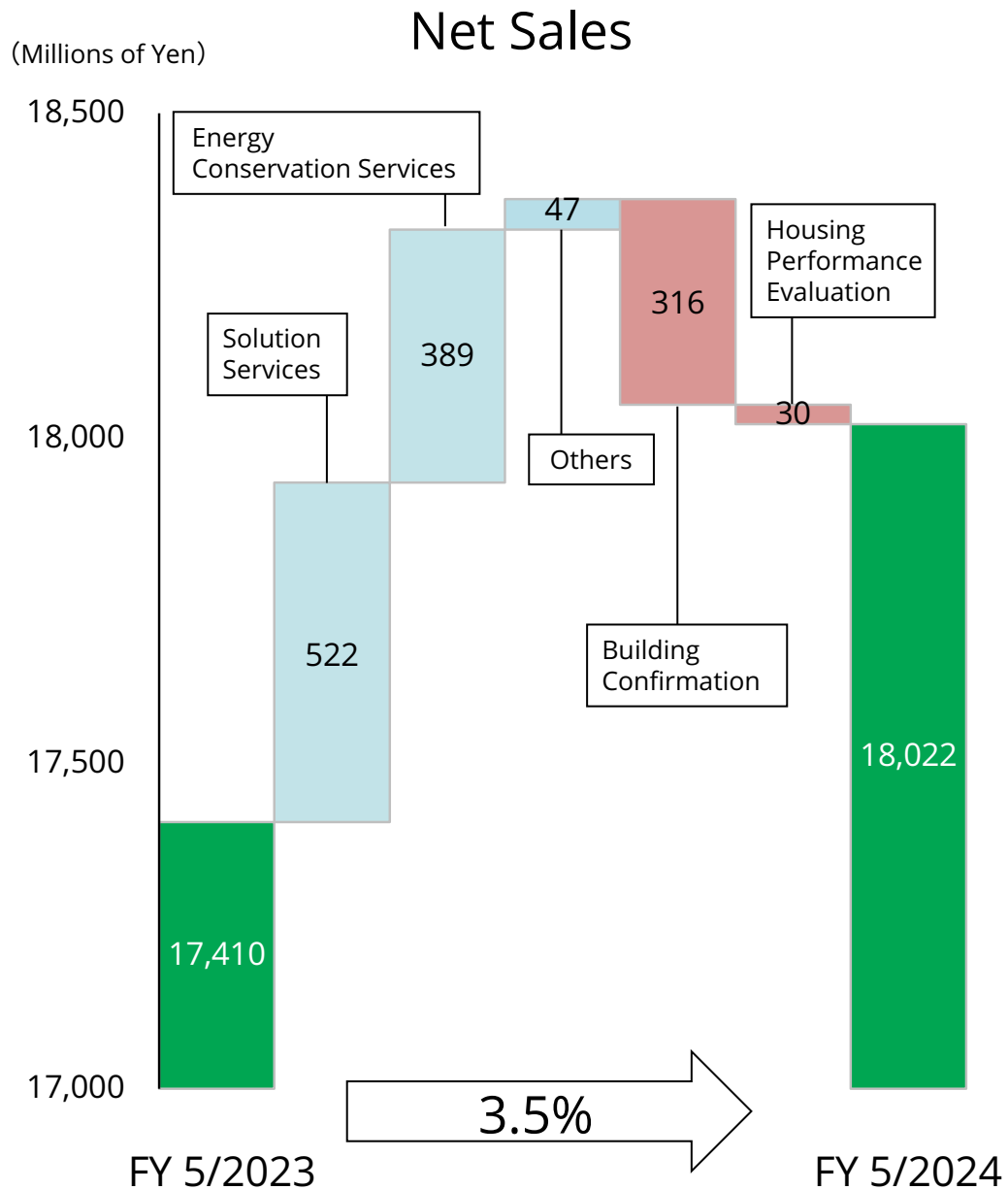
## Sales increased but profits decreased largely due to heavy upfront expenditures

- Shrink of the new housing starts weigh on services of building confirmation and housing performance evaluation but total sales successfully increased largely due to an expansion of solution and energy saving related services.
- Profit wise, however, upfront expenditures such as personnel increase, office expansion and ICT investment preparing for the large regulatory reform in 2025, in addition to a transaction cost of M&As, weigh on the profit.
- Although we anticipate that a sluggish condition on new housing starts, we promote necessary investments and actions to contribute implementation of sustainability measures and pursue JPY 30 billion sales by 2030.

# Consolidated financial results

(Millions of yen)	Previous fiscal year (Jun. 2022– May. 2023)	Reporting fiscal year (Jun. 2023– May. 2024)	Change	
			Amounts	Ratio
Net Sales	17,410	<b>18,022</b>	611	3.5%
Operating Profit	2,326	<b>1,991</b>	▲334	▲14.4%
Operating Profit Ratio	13.4%	<b>11.0%</b>	-	-
Ordinary Profit	2,340	<b>2,020</b>	▲319	▲13.7%
Ordinary Profit Ratio	13.4%	<b>11.2%</b>	-	-
Profit Attributable to Owners of Parent	1,533	<b>1,233</b>	▲300	▲19.6%
Profit per Share (Yen)	197.80	<b>159.88</b>	▲37.92	▲19.2%

# Change in net sales and operating profit



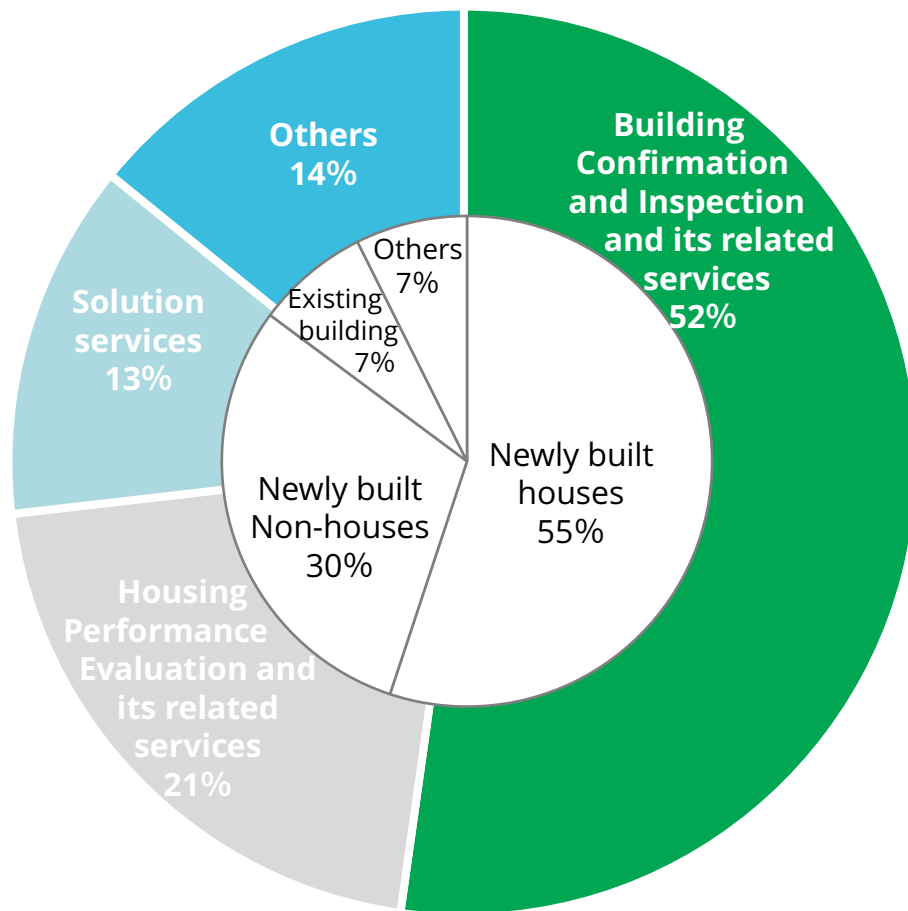
# Consolidated financial results by segment

(Millions of yen)	Previous fiscal year (Jun. 2022 – May. 2023)	Reporting fiscal year (Jun. 2023– May. 2024)	Change		Segment Profit	Change*
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	9,093 [52.2%]	<b>8,777</b> [48.7%]	▲316	▲3.5%	1,028	▲301
Housing Performance Evaluation and its related services	3,647 [20.9%]	<b>3,617</b> [20.1%]	▲29	▲0.8%	436	25
Solution Services	2,208 [12.7%]	<b>2,730</b> [15.2%]	522	23.7%	264	▲40
Others	2,462 [14.1%]	<b>2,897</b> [16.1%]	435	17.7%	327	▲18
Net Sales Total	17,410 [100.0%]	<b>18,022</b> [100.0%]	611	3.5%	2,057	▲334

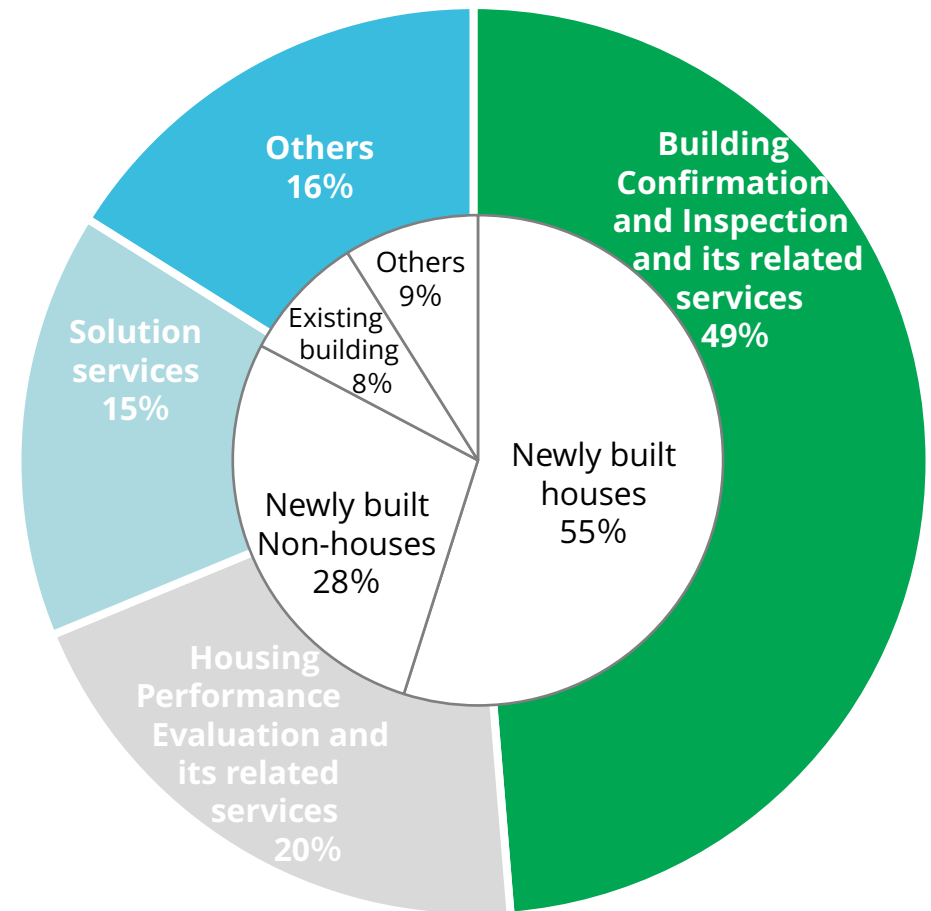
※ For more accurate segmentation purposes, we partly change a cost distribution procedure on the costs that straddle across segments on both FY5/2023 and FY5/2024.

# Sales breakdown | Consolidated

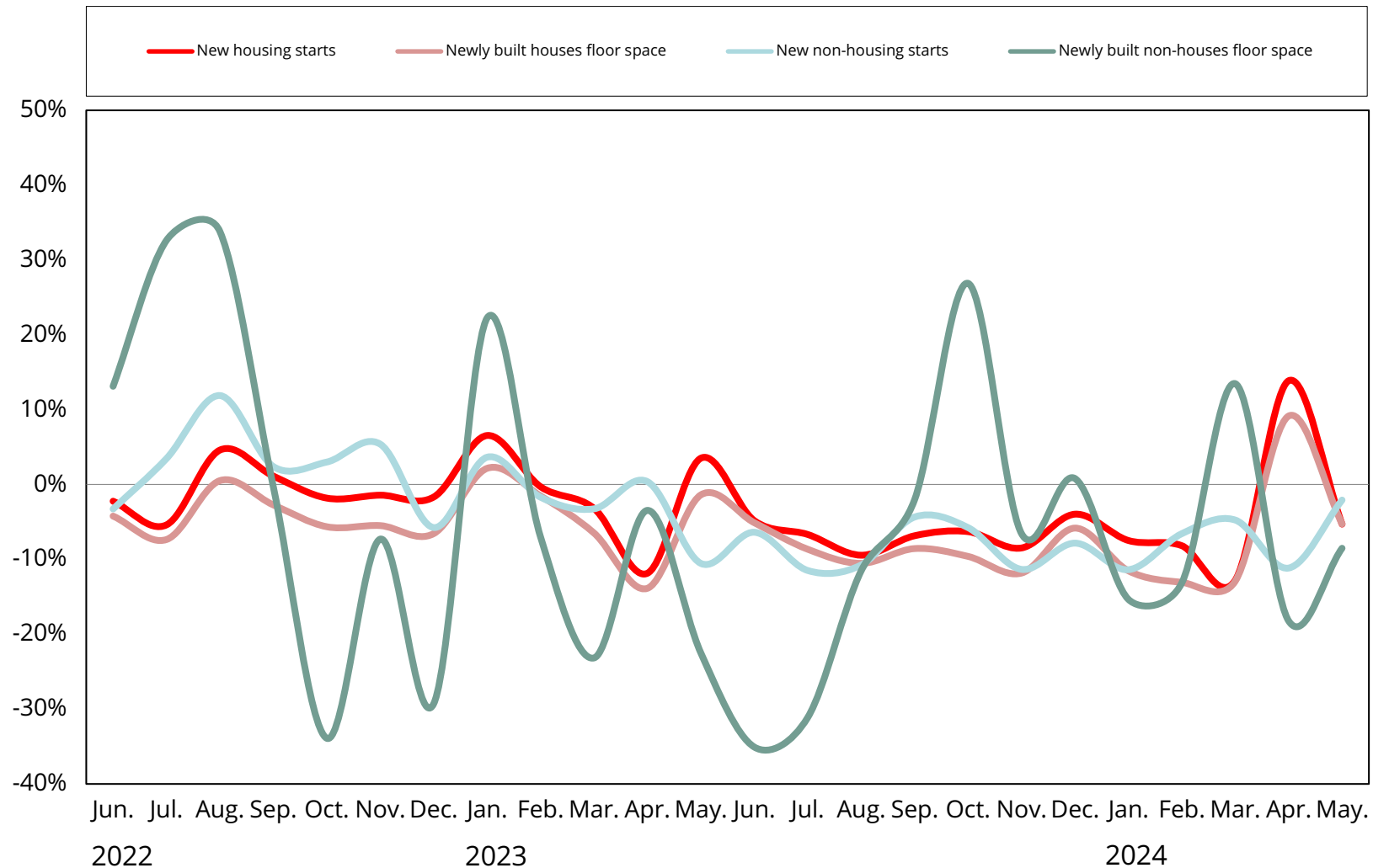
FY 5/2023



FY 5/2024

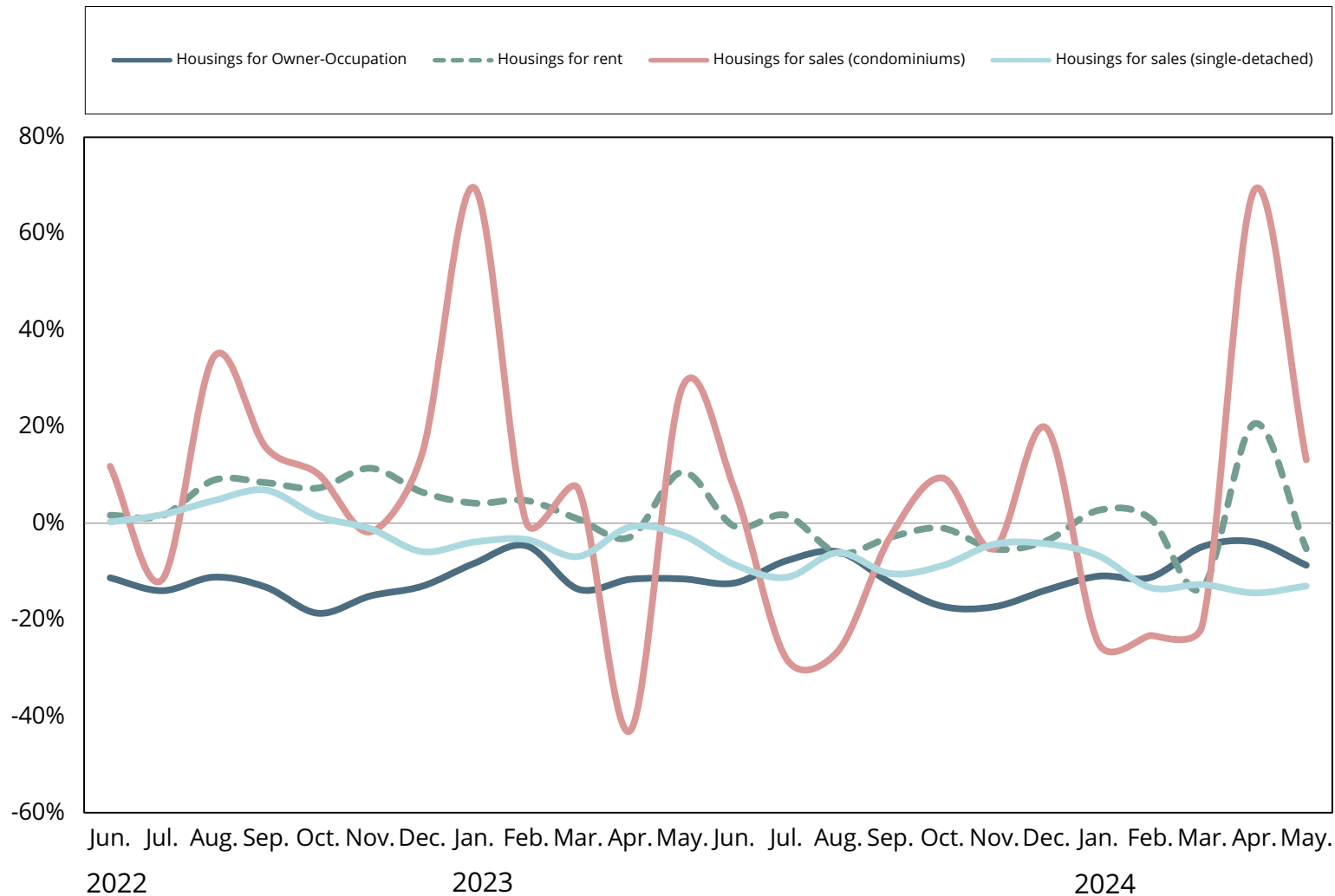


## Changes in Housing/Non-housing starts (year-on-year rate)



# Market trend

## Changes in new housing starts by categories of housing (year-on-year rate)

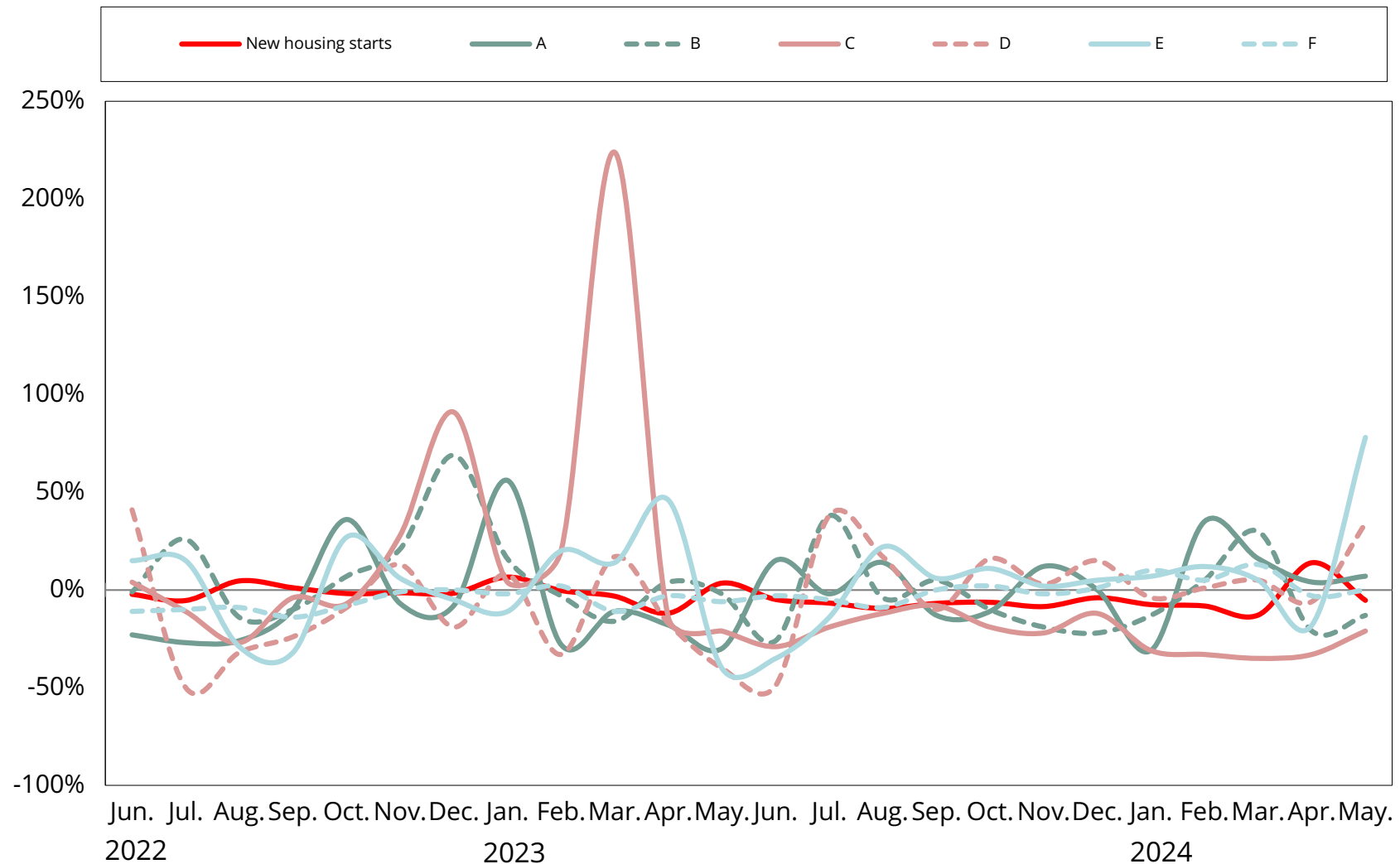


## Changes in the cumulative total (from June 2023 to May 2024)

New housing starts	▲5.7%
Housings for Owner-Occupation	▲10.7%
Housings for rent	▲1.3%
Housings for sales (condo-miniums)	▲3.7%
Housings for sales (single-detached)	▲9.5%



## Changes in new orders of detached houses by major house builders



\* New housing starts are on the basis of the number of houses , and the results of major house builders are on the basis of amounts of money which was disclose on each company's website.

## Stats of new construction starts in FY 5/2024 (June 2023 ~ May 2024)

### Housing sector

	Detached Houses	Terrace Houses	Collective Houses	Total
New Housing Starts (Unit)	352,843	76,424	376,563	805,830
Year-on-Year	▲10.0%	4.8%	▲3.2%	▲5.7%
Proportion	43.8%	9.5%	46.7%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	38,545	3,969	19,875	62,389
Year-on-Year	▲11.2%	4.4%	▲3.1%	▲7.9%
Proportion	61.8%	6.4%	31.9%	100.0%

# Market trend

## Stats of new construction starts in FY 5/2024 (June 2023 ~ May 2024)

### Non-housing sector

	Offices	Stores	Factories	Warehouses	Medical and Welfare	Others (educational, lodging and etc.)	Total
New Housing Starts (Unit)	8,505	5,129	5,588	11,414	5,540	21,633	57,809
Year-on-Year	▲9.6%	▲7.8%	▲18.0%	▲7.2%	▲10.5%	▲3.9%	▲7.9%
Proportion	14.7%	8.9%	9.7%	19.7%	9.6%	37.4%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	5,853	3,807	7,129	10,486	3,354	7,166	37,794
Year-on-Year	9.6%	▲7.8%	▲12.8%	▲17.0%	▲21.4%	▲7.7%	▲10.7%
Proportion	15.5%	10.1%	18.9%	27.7%	8.9%	19.0%	100.0%

# Main operating figures | Consolidated

Segment	Business		Previous fiscal year (Jun. 2022 – May. 2023)		Reporting fiscal year (Jun. 2023 – May. 2024)		Change	
			Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building Confirmation and Inspection and its related services	Building Confirmations		77,623	3,756	<b>71,601</b>	<b>3,508</b>	▲6,022	▲248
	Final Inspections		74,954	3,424	<b>71,658</b>	<b>3,433</b>	▲3,296	9
Housing Performance Evaluation and its related services	Housing Design Performance Evaluations	Detached Houses	35,684	1,162	<b>33,186</b>	<b>1,119</b>	▲2,498	▲43
		Collective Houses	29,914	375	<b>30,406</b>	<b>395</b>	492	19
	Housing Construction Performance Evaluations	Detached Houses	27,640	1,482	<b>26,827</b>	<b>1,438</b>	▲813	▲43
		Collective Houses	23,333	383	<b>25,568</b>	<b>429</b>	2,235	45
	Technical Assessments for Long-life Quality Housings*		5,373	220	<b>4,825</b>	<b>214</b>	▲548	▲6

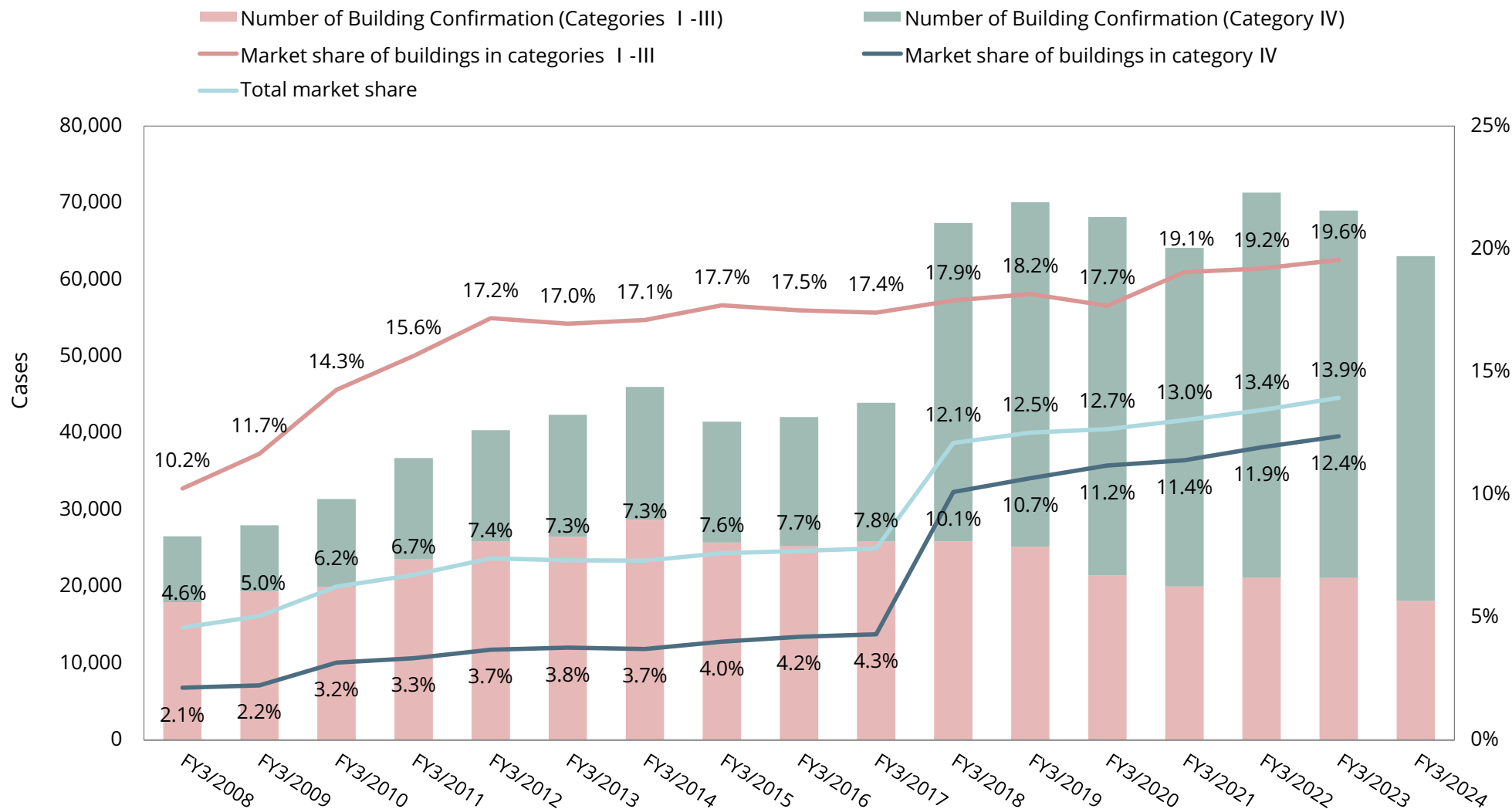
\* "Technical Assessments for Long-life Quality Housings" represents the cases and amounts of "conformance certificate", which include the cases and amounts of extension and renovation.

# Main operating figures | Consolidated

Segment	Business		Previous fiscal year (Jun. 2022 – May. 2023)		Previous fiscal year (Jun. 2023 – May. 2024)		Change	
			Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Others	Evaluation for Building Energy Standards (incl. 300 ~ 2,000 sqm)		6,004 (4,090)	673	<b>5,491</b> <b>(3,651)</b>	<b>646</b>	▲513 (▲439)	▲27
	BELS Certifications	Housings	49,112	590	<b>76,623</b>	<b>909</b>	27,511	318
		Non-housings	373	80	<b>494</b>	<b>113</b>	121	32
	Inspections for Housing Defect Liability Insurance*		35,240	337	<b>31,422</b>	<b>307</b>	▲3,818	▲30

\* Counting rules of "Inspections for Housing Defect Liability Insurance" are as follows. 1) Include Defect Insurance but exclude inspection for insurance firm and Housing Performance Certification, 2) Include insurance brokerage, and 3) Include the data of all housing defect liability insurance companies. Note that, 8,428 missing cases of "Inspections for Housing Defect Liability Insurance" has been added on Previous fiscal year.

# Building Confirmation service landscape

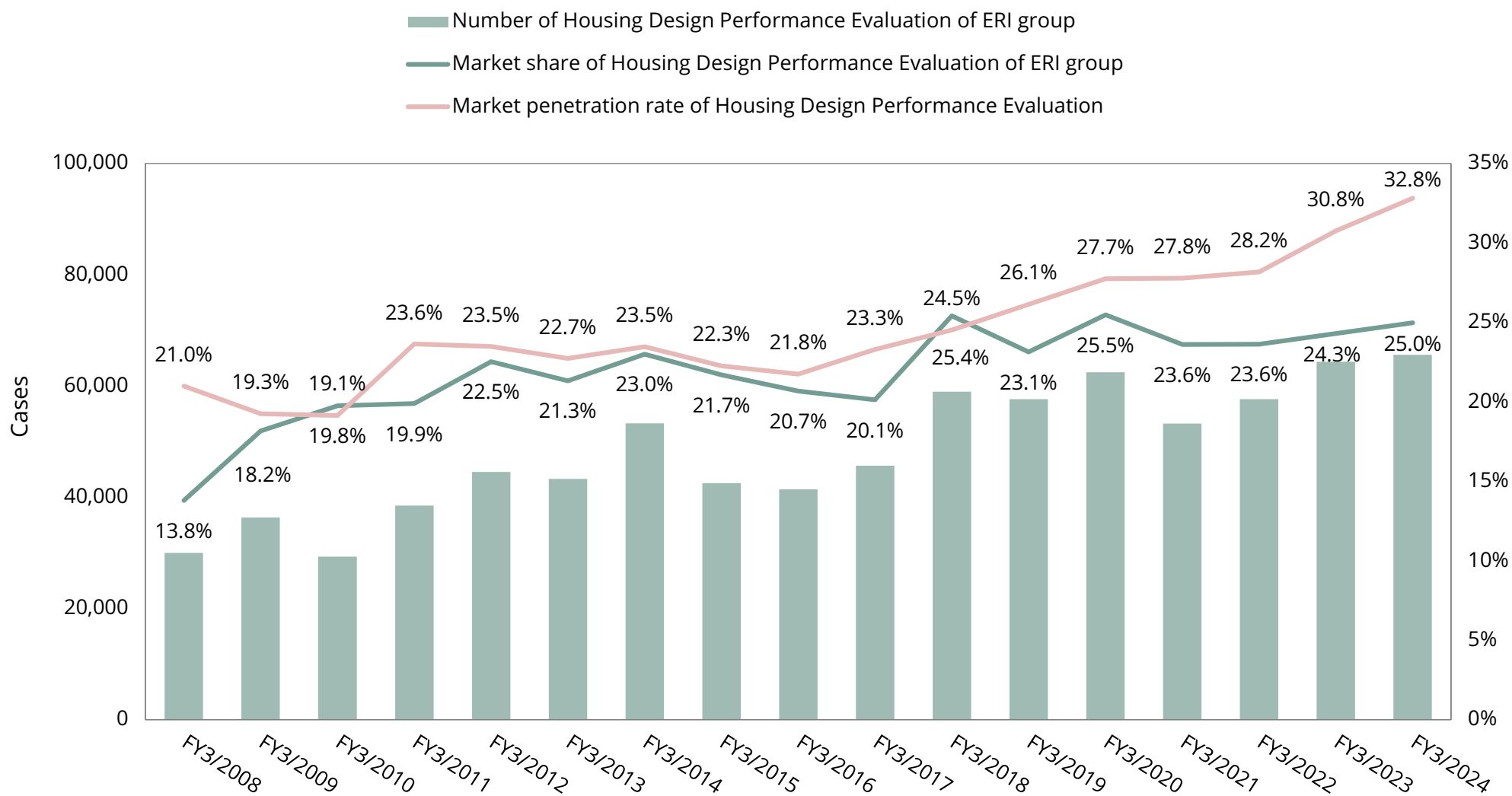


\* Jyutaku Seinou Hyouka Center Co., Ltd. consolidated in Nov. 2017 is fully included from FY 3/2018 data.

\* Sakoken Co., Ltd. Consolidated in Sep. 2020 is fully included from FY 3/2021 data.

\* FY 3/2023 national data has not been published by MLIT yet and our share is unknown.

# Housing Performance Evaluation service landscape



- \* Jyutaku Seinou Hyouka Center Co., Ltd. consolidated in Nov. 2017 is fully included from FY 3/2018 data.
- \* Sakoken Co., Ltd. Consolidated in Sep. 2020 is fully included from FY 3/2021 data.
- \* Market penetration ratio refers to MLIT publication data.

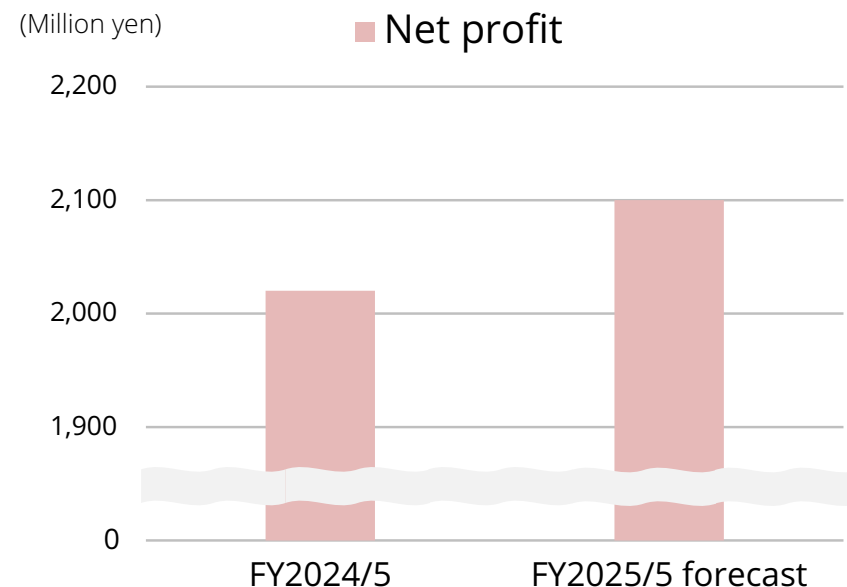
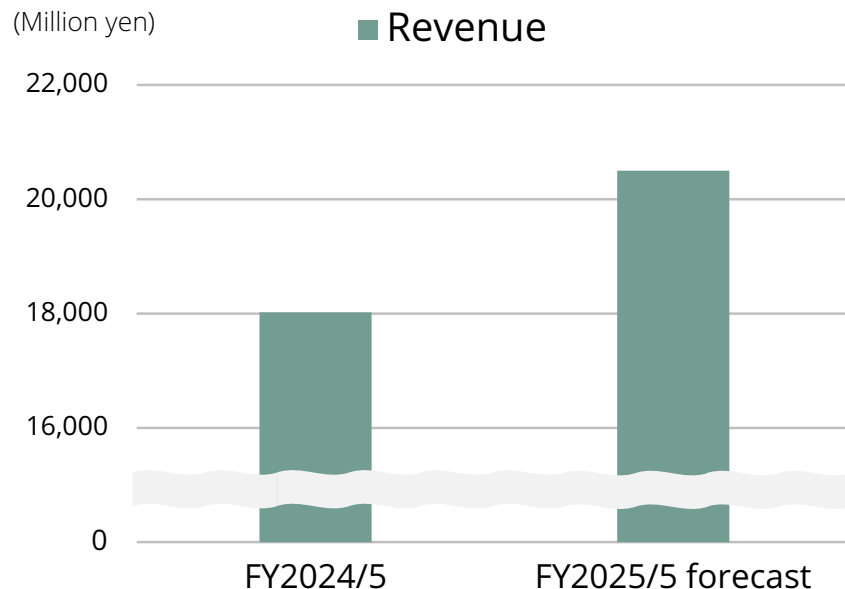
# Forecasts for FY 5/2025

(Millions of yen)	FY 5/2024 (Jun. 2023 – May. 2024)	FY 5/2025 (Jun. 2024 – May. 2025)	Change	
			Amounts	Ratio
Net Sales	18,022	<b>20,500</b>	2,477	13.7%
Operating Profit	1,991	<b>2,100</b>	108	5.5%
Operating Profit Ratio	11.0%	<b>10.2%</b>	-	-
Ordinary Profit	2,020	<b>2,100</b>	79	4.0%
Ordinary Profit Ratio	11.2%	<b>10.2%</b>	-	-
Profit Attributable to Owners of Parent	1,233	<b>1,300</b>	66	5.4%
Profit per Share (Yen)	159.88	<b>165.98</b>	6.1	3.8%



## The last spurt year preparing for 2025 regulation reform

- Annual sales will rise over 20 billion yen due to a business expansion by M&As, a partial revision of fee schedule, etc.
- Profit wise, however, upfront expenditures preparing for the large regulatory reform in 2025 will continue to weigh on the profit. Operating profit will increase but the growth will be limited.
- Forecast of annual dividend is 60 yen per share.



# Topics - Additional market for Building Confirmation service

## 14<sup>th</sup> Comprehensive Decentralization Law, promulgated on June 19, 2024 (Effective during the next six months)

Utilizing confirmation/inspection by Building Confirmation and Inspection Bodies for the Plan-notification of the buildings of the State, prefectures and municipalities with Building-official (Building Standards Act)

### Current law

Building owner		the State, prefectures and municipalities with Building-official (Plan-notification)	Private (Building confirmation)
Administrator	Building-officials	Yes	Yes
	Building Confirmation and Inspection Bodies	No	Yes



### After the revision

Building owner		the State, prefectures and municipalities with Building-official (Plan-notification)	Private (Building confirmation)
Administrator	Building-officials	Yes	Yes
	Building Confirmation and Inspection Bodies	Yes	Yes

## Acquisition of two civil engineering consultant companies



### Fukuda Hydrologic Center Co., Ltd.

Hydrology and environmental specialist firm

- Hydrological observation, erosion and sediment control, levee design and inspection, ecological and biological survey
- Chemical analysis of hazardous materials, such as asbestos and PCBs

Sapporo city, Hokkaido



### Kokudo Engineering Consultants Co., Ltd.

Bridge engineering specialist firm

- Design, maintenance and inspection service for bridge structures
- BIM/CIM modeling service collaborating with business partners in Asian countries

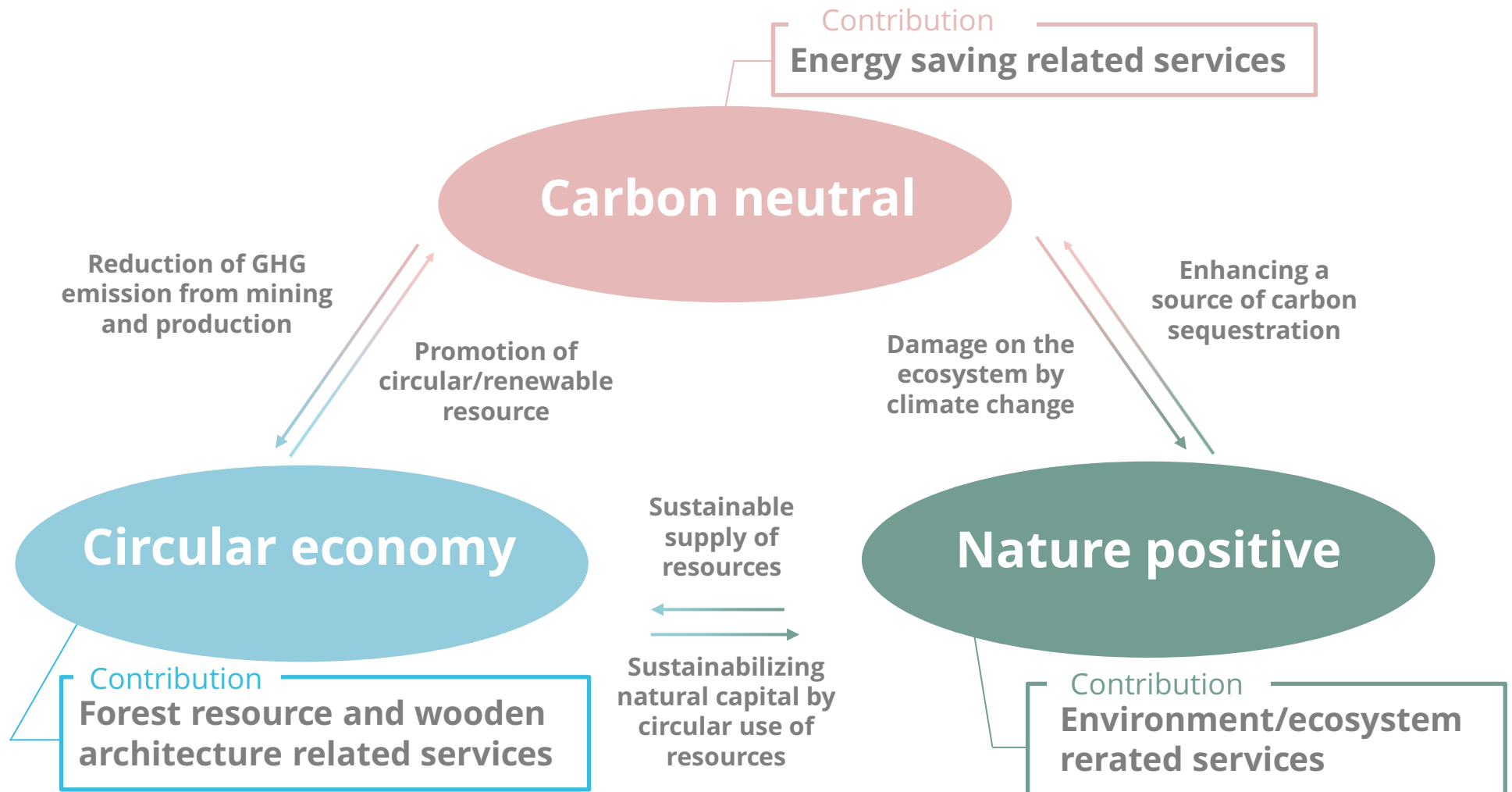
Osaka city, Osaka



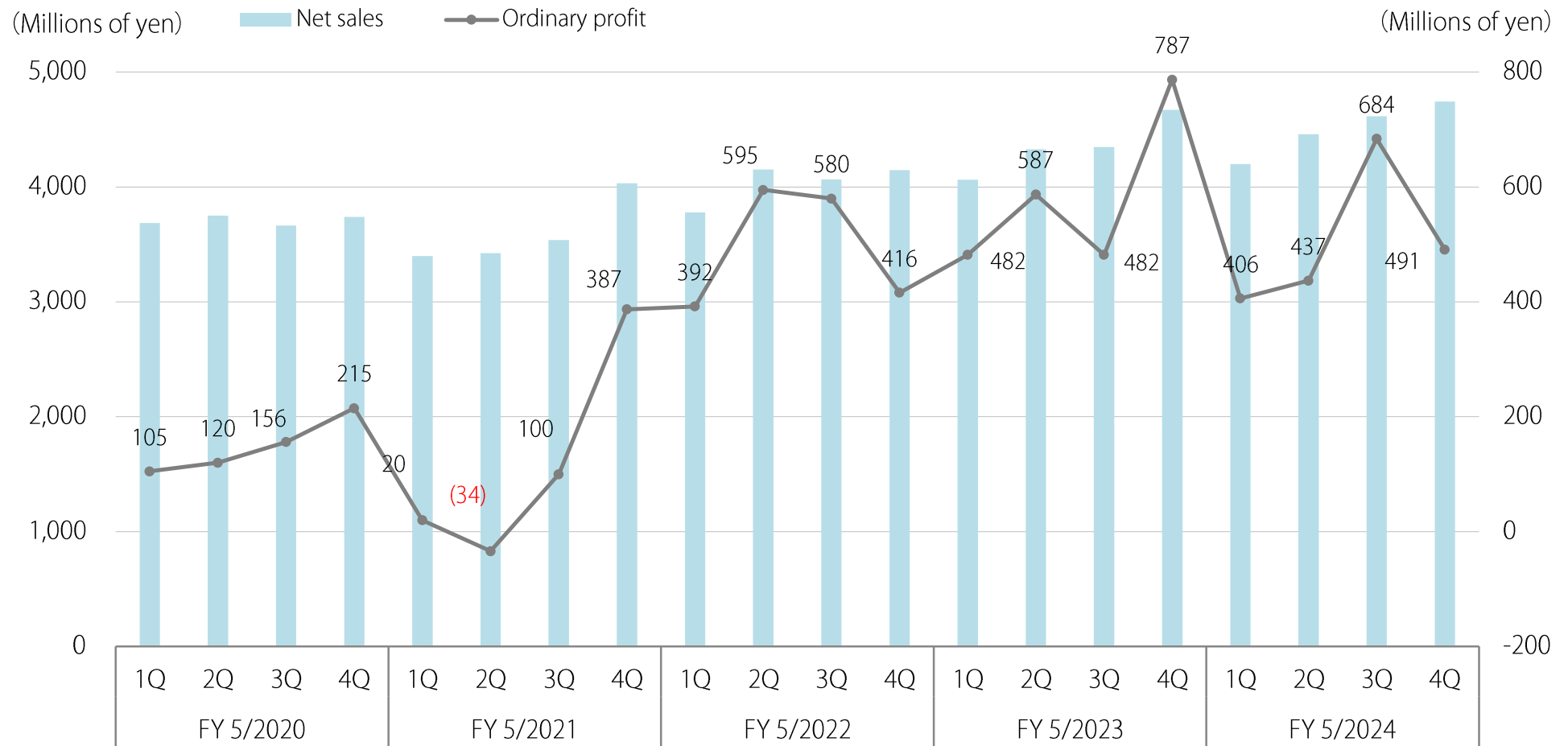
# Long-term target by 2030

Enhance businesses related to implementation of sustainability measures

⇒ pursue JPY 30 billion sales by 2030 - 30 by 30



# Changes of quarterly results | Consolidated



# Contact

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