

ERI

Evaluation, Rating, Inspection

Holdings



Commitment to the sustainability-oriented business practices

Financial Results for the Second Quarter

From June 1, 2022 to November 30, 2022

ERI Holdings Co., Ltd.

December 28, 2022

Corporate earnings continue growing in Q2

- Overall business has kept on growing successfully except a part of detached housing related services that was adversely affected by a shrink of new housing start.
- Segment sales of Building Confirmation and Inspection services, Solution Services and Others increased but Housing Performance Evaluation segment sales decreased largely due to expire of Green Housing Point subsidy.
- All segment of earnings increased, and we achieved a record-high Q2 profit.
- BELS is rapidly expanding in advance to the coming legislation of energy saving performance labeling for sale and lease property.
- The acquisition of three construction consulting firms will contribute to earnings growth later this fiscal year.

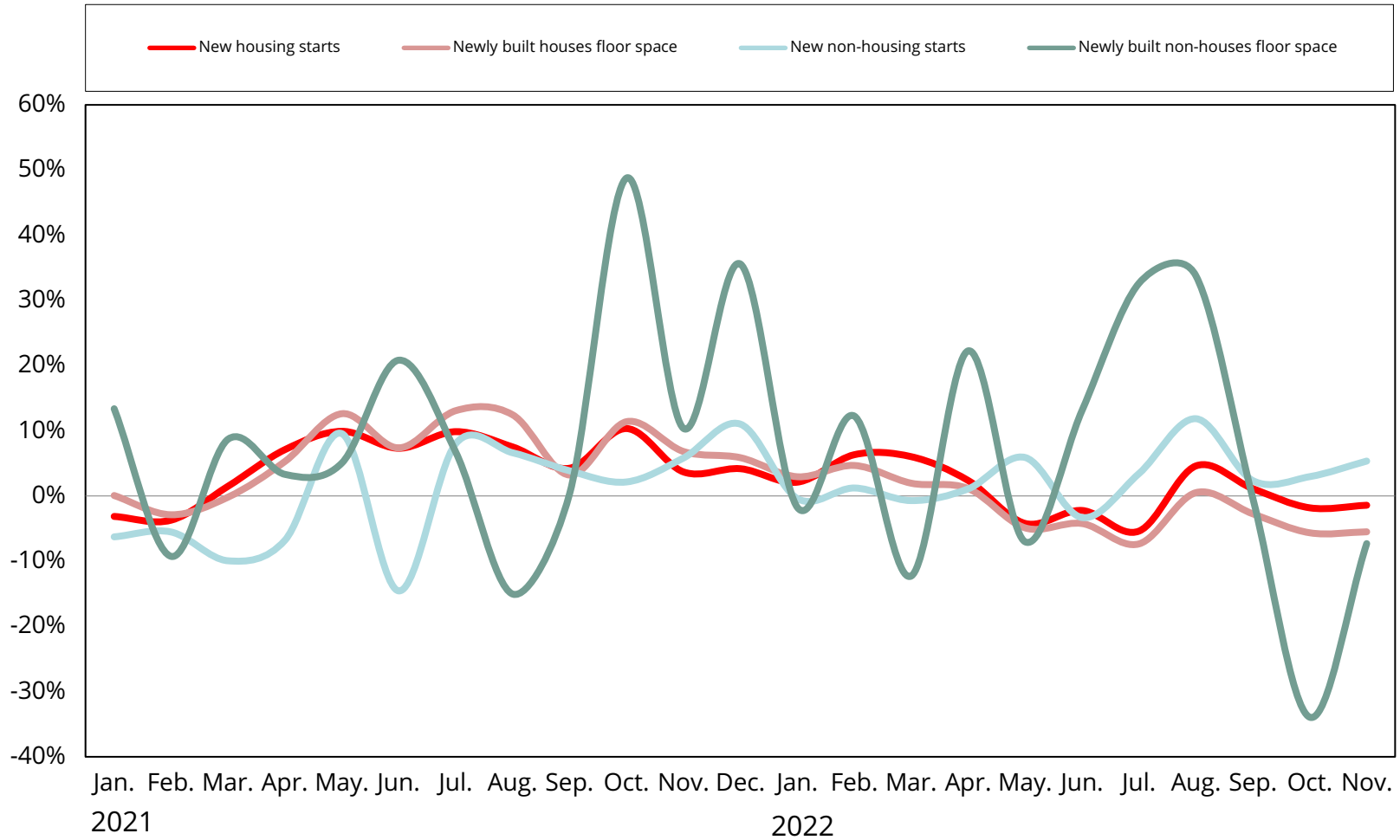
Consolidated financial results

(Millions of yen)	2Q Previous fiscal year (Jun. 2021– Nov. 2021)	2Q Reporting fiscal year (Jun. 2022– Nov. 2022)	Change	
			Amounts	Ratio
Net Sales	7,934	8,391	457	5.8%
Operating Profit	931	1,062	130	14.0%
Operating Profit Ratio	11.7%	12.7%	-	-
Ordinary Profit	988	1,069	81	8.2%
Ordinary Profit Ratio	12.5%	12.7%	-	-
Profit Attributable to Owners of Parent	601	645	43	7.3%
Profit per Share (Yen)	76.84	82.84	6.00	7.8%

Consolidated financial results by segment

(Millions of yen)	2Q Previous fiscal year (Jun. 2021 – Nov. 2021)	2Q Reporting fiscal year (Jun. 2022– Nov. 2022)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	4,256 [53.6%]	4,542 [54.1%]	285	6.7%	635	45
Housing Performance Evaluation and its related services	1,969 [24.8%]	1,815 [21.6%]	▲153	▲7.8%	237	2
Solution Services	690 [8.7%]	837 [10.0%]	147	21.3%	17	8
Others	1,017 [12.8%]	1,196 [14.3%]	178	17.5%	204	73
Net Sales Total	7,934 [100.0%]	8,391 [100.0%]	457	5.8%	1,095	130

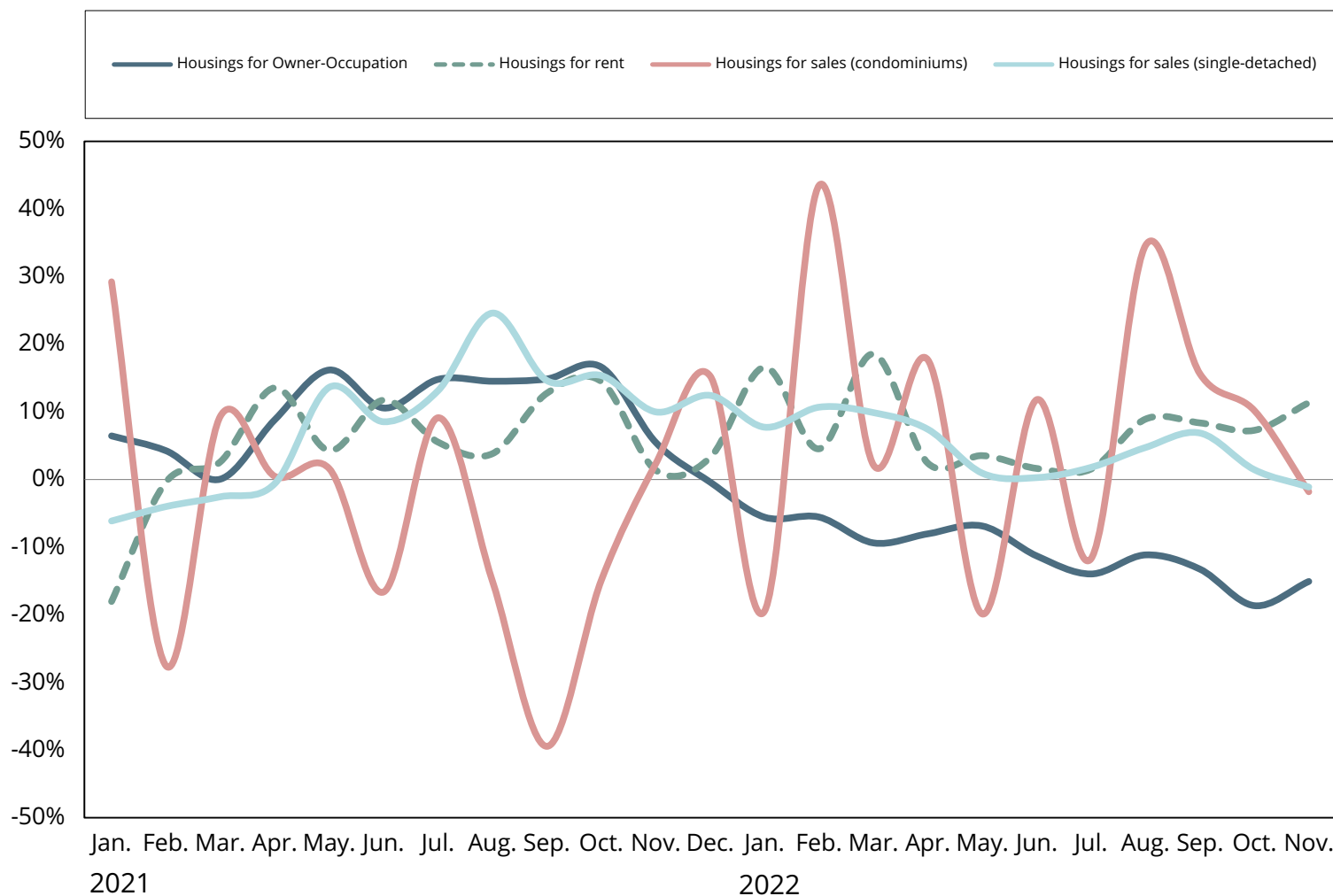
Changes in Housing/Non-housing starts (year-on-year rate)



Market trend

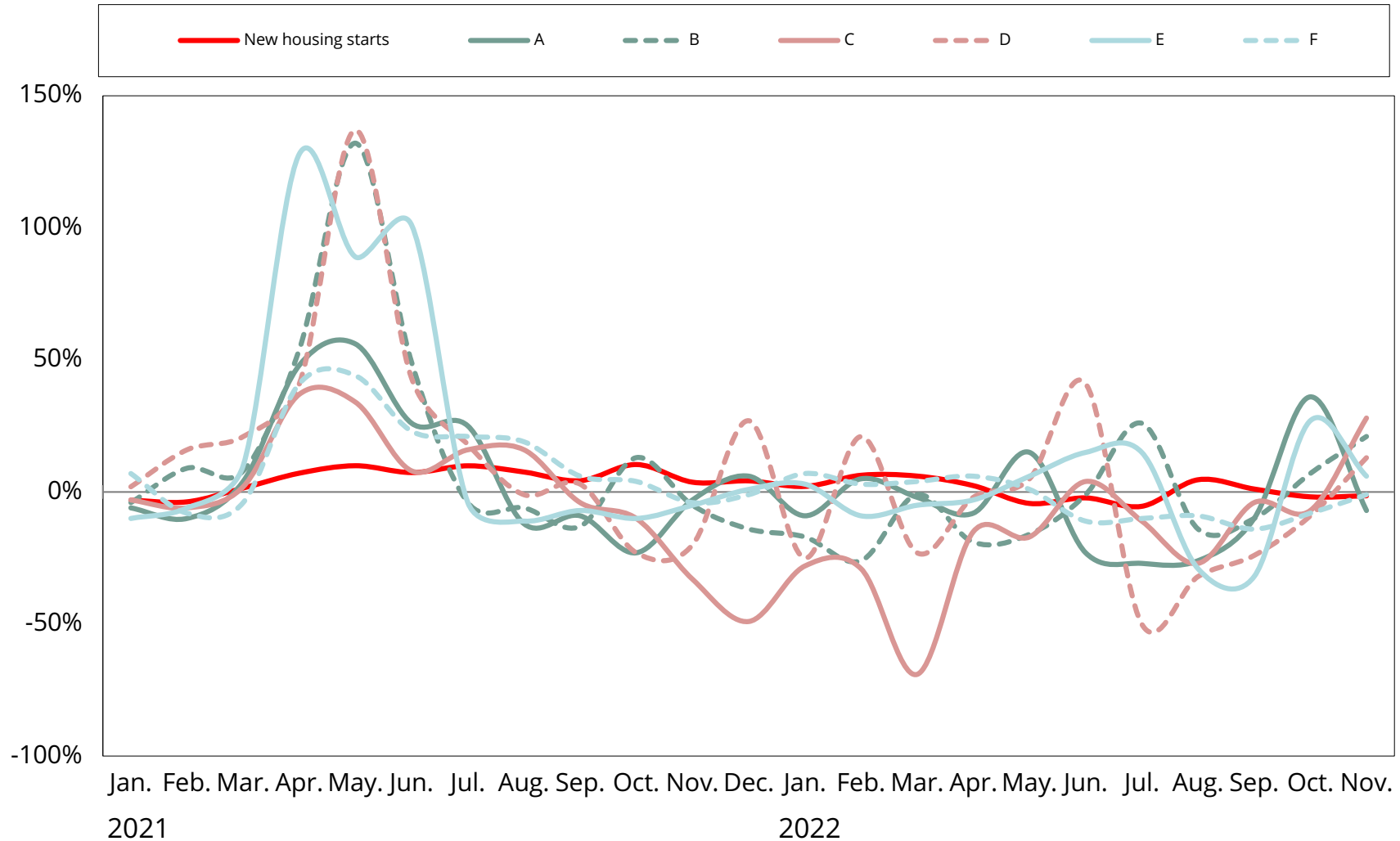
Changes in new housing starts by categories of housing (year-on-year rate)

Changes in the cumulative total (from Jun. to Nov.)



New housing starts	▲0.9%
Housings for Owner-Occupation	▲13.9%
Housings for rent	6.4%
Housings for sales (condominiums)	9.1%
Housings for sales (single-detached)	2.3%

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.

Market trend

Stats of new construction starts in FY 5/2023 2Q (June 2022 ~ November 2022)

Housing sector

	Detached Houses	Terrace Houses	Collective Houses	Total
New Housing Starts (Unit)	210,968	40,237	197,133	448,338
Year-on-Year	▲8.5%	5.0%	7.5%	▲0.9%
Proportion	47.1%	9.0%	44.0%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	23,472	2,093	10,213	35,778
Year-on-Year	▲10.1%	4.8%	10.5%	▲4.2%
Proportion	65.6%	5.8%	28.5%	100.0%

Market trend

Stats of new construction starts in FY 5/2023 2Q (June 2022 ~ November 2022)

Non-housing sector

	Offices	Stores	Factories	Warehouses	Medical and Welfare	Others (educational, lodging and etc.)	Total
New Housing Starts (Unit)	5,003	3,050	3,756	6,637	3,450	11,973	33,869
Year-on-Year	▲4.7%	8.9%	8.9%	▲2.1%	3.6%	8.1%	3.6%
Proportion	14.8%	9.0%	11.1%	19.6%	10.2%	35.4%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	2,975	2,102	4,389	6,385	2,349	4,382	22,582
Year-on-Year	▲26.3%	6.3%	24.0%	7.4%	7.0%	4.2%	3.1%
Proportion	13.2%	9.3%	19.4%	28.3%	10.4%	19.4%	100.0%

Main operating figures | Consolidated

Segment	Business		2Q Previous fiscal year (Jun. 2021 – Nov. 2021)		2Q Reporting fiscal year (Jun. 2022 – Nov. 2022)		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		42,154	1,905	41,403	1,989	▲751	84
	Final Inspections		34,459	1,444	35,723	1,565	1,264	121
Housing Performance Evaluation and its related services	Housing Design Performance Evaluations	Detached Houses	18,282	563	18,711	603	429	40
		Collective Houses	11,796	131	15,772	196	3,976	65
	Housing Construction Performance Evaluations	Detached Houses	13,821	797	13,611	745	▲210	▲52
		Collective Houses	6,452	107	7,428	143	976	36
	Technical Assessments for Long-life Quality Housings*		15,229	227	2,873	116	▲12,356	▲111

* "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. The numbers of plan change are included. From February 20, 2022, the numbers of integrated application combined with "Housing Performance Evaluations" are excluded.

Main operating figures | Consolidated

Segment	Business		2Q Previous fiscal year (Jun. 2021 – Nov. 2021)		2Q Previous fiscal year (Jun. 2022 – Nov. 2022)		Change	
			Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Others	Evaluation for Building Energy Standards*1 (incl. 300 ~ 2,000 sqm)		2,143 (1,300)	264	3,003 (2,101)	338	860 (801)	74
	BELS Certifications	Housings*2	6,280	137	21,304	269	15,024	132
		Non-housings	96	15	131	24	35	9
	Inspections for Housing Defect Liability Insurance*3		16,977	182	14,027	179	▲2,950	▲3

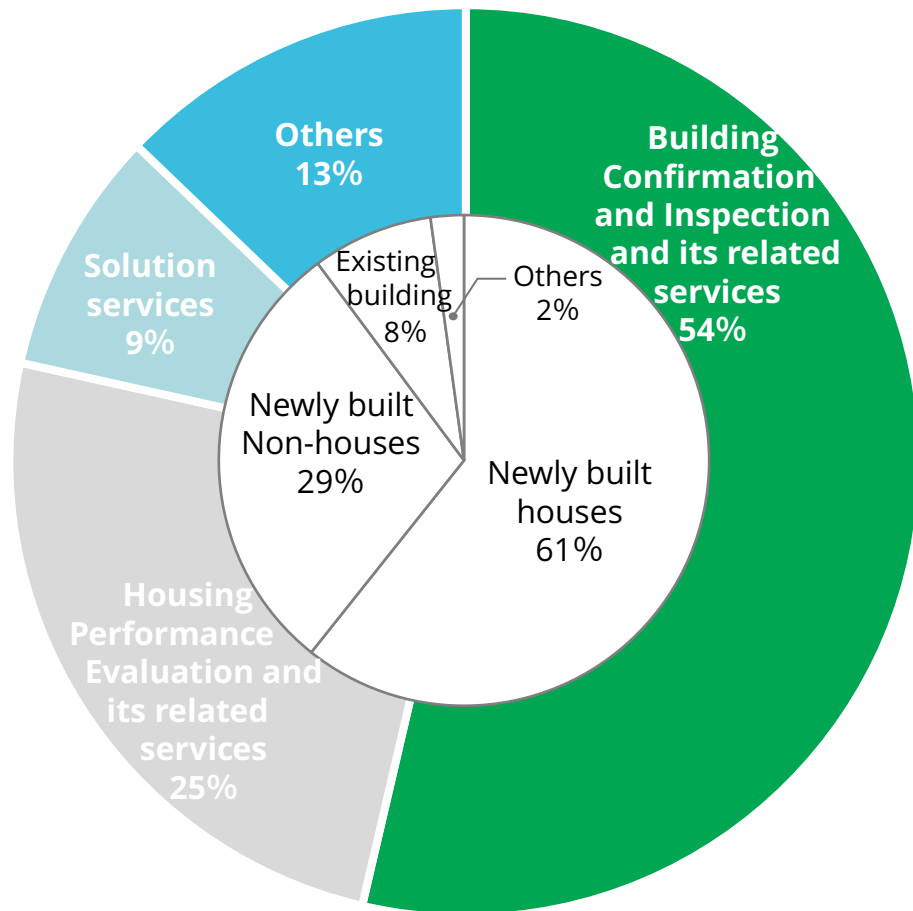
*1 From FY 5/2020 report, "Evaluation for Compliance with Energy Consumption Performance of Buildings" includes the numbers of plan change.

*2 From FY 5/2023 report, "BELS Certifications(Housings)" includes the number of certifications of dwelling unit of collective houses.

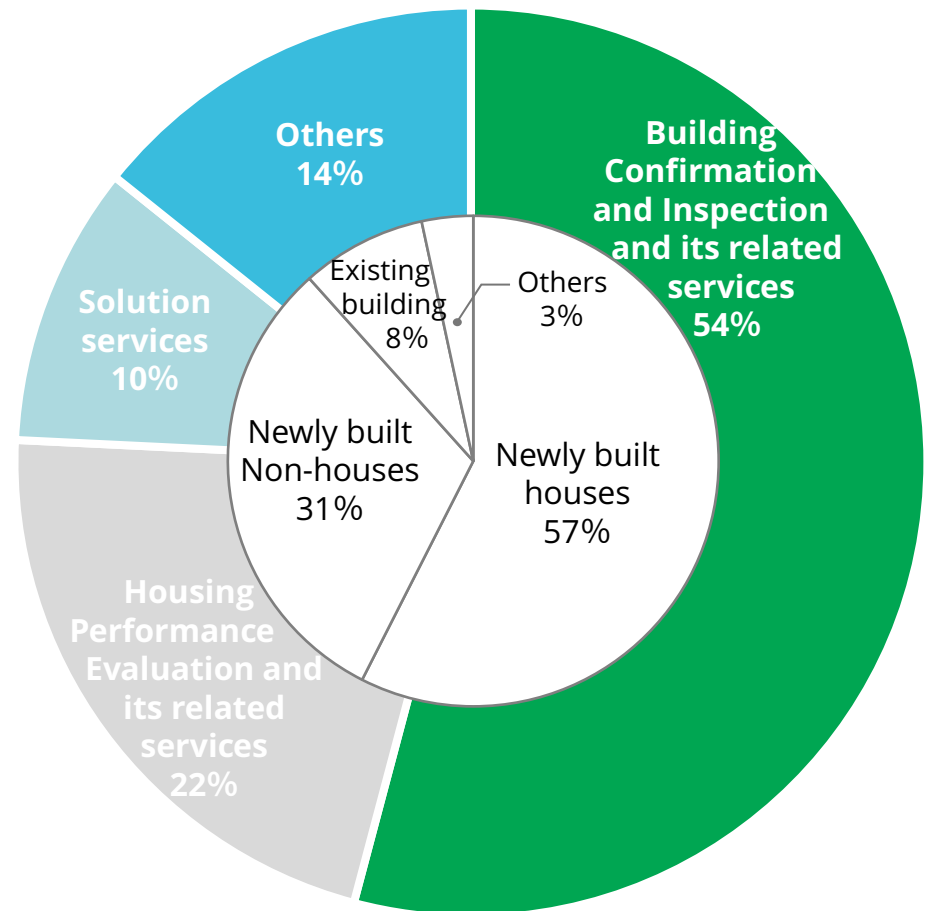
*3 Counting rules of "Inspections for Housing Defect Liability Insurance" are as follows. 1) Include Defect Insurance but exclude inspection for insurance firm and Housing Performance Certification, 2) Include insurance brokerage, and 3) Include the data of all housing defect liability insurance companies.

Sales breakdown | Consolidated

FY 5/2022 2Q



FY 5/2023 2Q



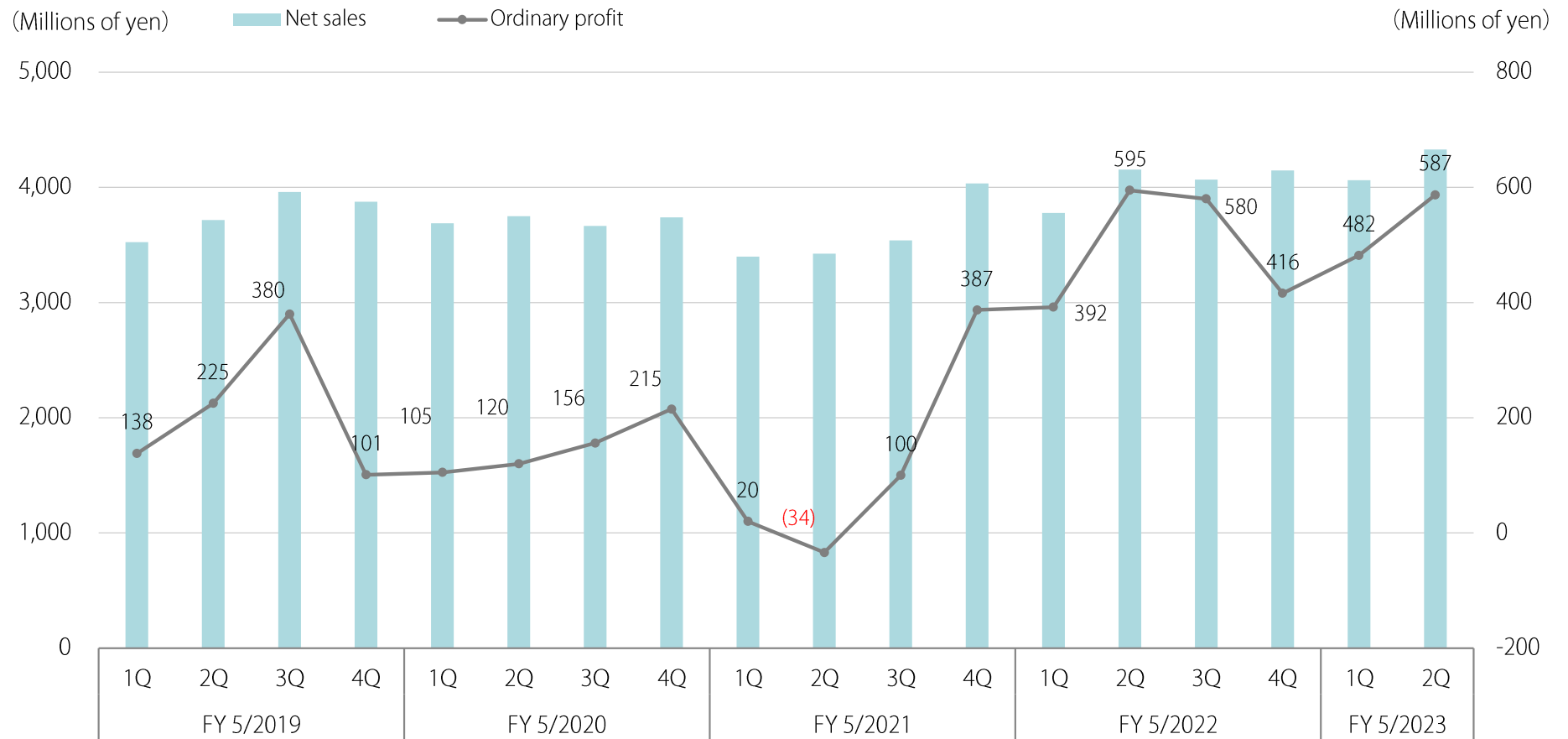
Consolidated financial statements | Assets

(Millions of yen)	Previous fiscal year (Jun. 2021 – May 2022)	2Q reporting fiscal year (Jun. 2022 – Nov. 2022)	Change
Total assets	8,574	9,844	1,269
Total current assets	6,484	7,555	1,071
Cash and deposits	4,910	5,766	856
Accounts receivable – trade and contract assets	1,061	1,171	109
Work in process	248	256	8
Total non-current assets	2,090	2,289	198
Property, plant and equipment	479	769	290
Total intangible assets	654	694	40
Goodwill	357	408	51
Total investments and other assets	956	824	▲132

Consolidated financial statements | Liabilities

(Millions of yen)	Previous fiscal year (Jun. 2021 – May 2022)	2Q reporting fiscal year (Jun. 2022 – Nov. 2022)	Change
Total liabilities	4,549	5,501	951
Total current liabilities	3,354	2,900	▲454
Accrued expenses	1,153	898	▲255
Contract liabilities	810	1,049	239
Total non-current liabilities	1,194	2,601	1,406
Total net assets	4,024	4,343	318
Total shareholders' equity	3,983	4,304	321
Retained earnings	2,948	3,398	449
Total liabilities and net assets	8,574	9,844	1,269

Changes of quarterly results | Consolidated



Forecasts for FY 5/2023

(Millions of yen)	FY 5/2022 (Jun. 2021 – May. 2022)	FY 5/2023 (Jun. 2022 – May. 2023)	Change	
			Amounts	Ratio
Net Sales	16,148	16,069	▲79	▲0.5%
Operating Profit	1,924	1,673	▲251	▲13.1%
Operating Profit Ratio	11.9%	10.4%	-	-
Ordinary Profit	1,986	1,682	▲303	▲15.3%
Ordinary Profit Ratio	12.3%	10.5%	-	-
Profit Attributable to Owners of Parent	1,228	1,106	▲121	▲9.9%
Profit per Share (Yen)	156.83	141.26	▲15.57	▲9.9%

Setting rules of energy saving performance labeling for sale and lease property

- MLIT “Committee for energy saving performance labeling for sale and lease property” is discussing a practical rules for the Notice of Building Energy Conservation Act.
- Regarding all the housings/building for sale or lease, realtors display energy saving performance of the property in its real estate ad based on the rules.

Expecting BELS expansion

【Schedule】

April ~ June 2023

Publication of the Notice

April 2024 (plan)

Implementation of the Rules

New label design (Draft)



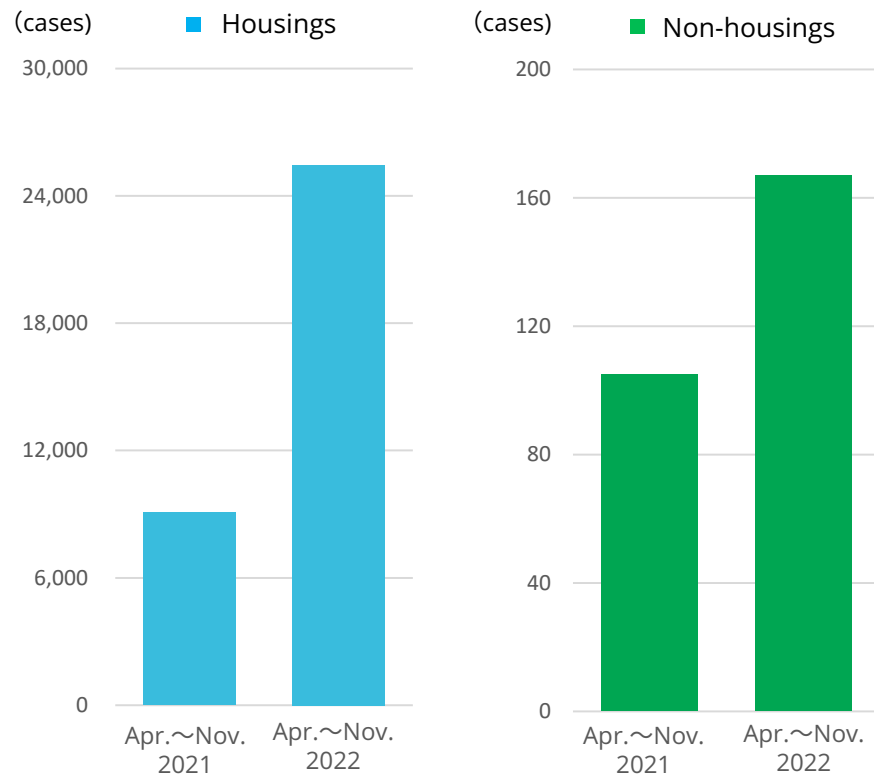
Energy label for home appliances



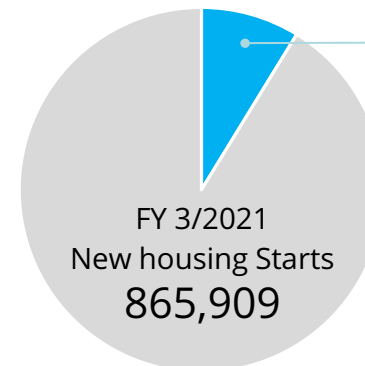
BELS certification is accelerating

- The number of BELS certificated from April to November 2022 has drastically increased compared with the year-earlier period.
- BELS market is expected to expand in advance to the coming legislation of energy saving performance labeling for sale and lease property.

Changes in the number of BELS certifications by ERI group

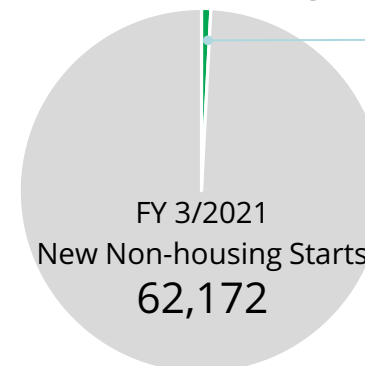


[Housings]



BELS certifications
83,114
※from April to November 2022

[Non-housings]



BELS certifications
516
※from April to November 2022

Source : The Association for Evaluating and Labeling Housing Performance "BELS certifications Statistics", and MLIT "Construction Starts Statistics".

Contact

ERI Holdings Co., Ltd.

Investor Relations and Public Relations Group

E – Mail | info@h-eri.co.jp

<https://www.h-eri.co.jp/>



This release contains forward-looking statements about ERI Holdings Co., Ltd.'s future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and risks, uncertainties and assumptions that, without limitation, relate to economic conditions. Accordingly, ERI Holdings Co., Ltd. wishes to caution readers that actual results may differ materially from those projected in this release and ERI Holdings Co., Ltd. bear no responsibility for any negative impact caused by the use of this release.