

ERI

Evaluation, Rating, Inspection

Holdings



Commitment to the sustainability-oriented business practices

Financial Results for the Second Quarter

From June 1, 2023 to November 30, 2023

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

December 28, 2023

Revenue grow but earnings decline in Q2

- Both new housing and non-housing starts shrunk and the number of applications of our core business decrease compared to the last Q2.
- In Building Confirmation and Inspection and its related services, both revenue and earnings decrease due to a slow down of application of Building Confirmation.
- In Housing Performance Evaluation and its related services, both revenue and earnings increase largely due to brisk residential complex construction.
- In Solution services, revenue largely increase by expanding construction consulting service, but earnings decreased because it will be posted in the second half.
- In Others, both revenue and earnings increased due to a steady growth of energy-saving related services.
- All in all, business has been going within our expectation in Q2.

Consolidated financial results

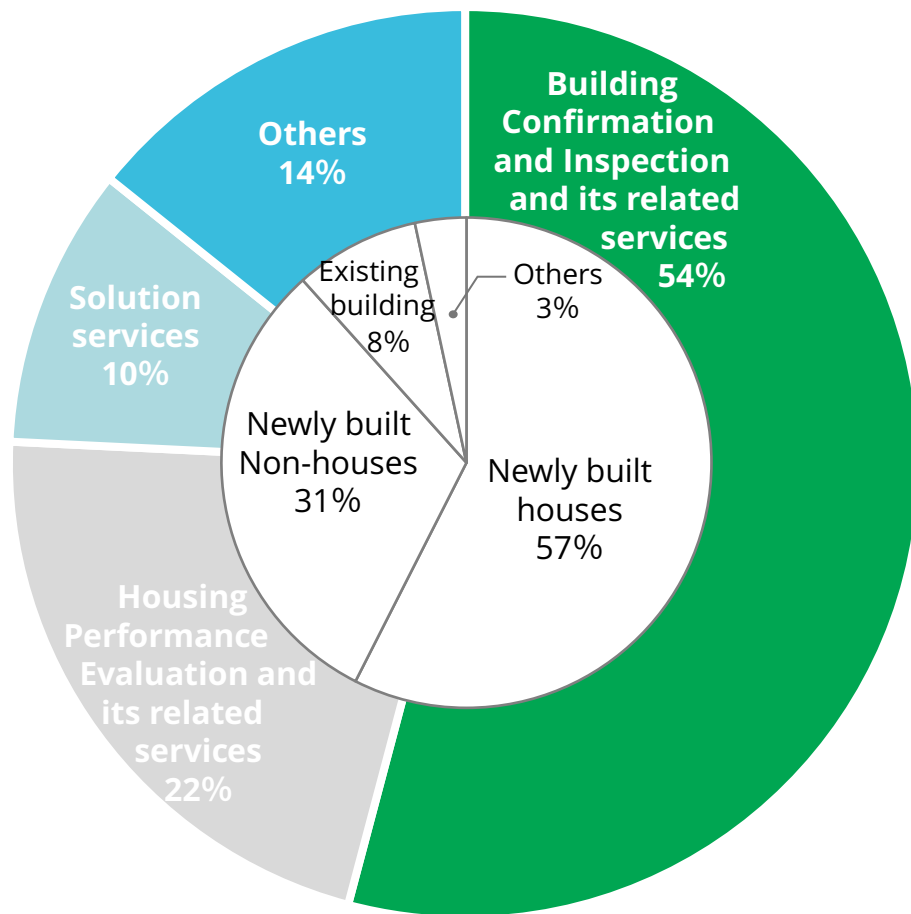
(Millions of yen)	2Q Previous fiscal year (Jun. 2022– Nov. 2022)	2Q Reporting fiscal year (Jun. 2023– Nov. 2023)	Change	
			Amounts	Ratio
Net Sales	8,391	8,661	269	3.2%
Operating Profit	1,062	835	▲226	▲21.4%
Operating Profit Ratio	12.7%	9.6%	-	-
Ordinary Profit	1,069	843	▲225	▲21.1%
Ordinary Profit Ratio	12.7%	9.7%	-	-
Profit Attributable to Owners of Parent	645	506	▲139	▲21.6%
Profit per Share (Yen)	82.84	65.60	▲17.24	▲20.8%

Consolidated financial results by segment

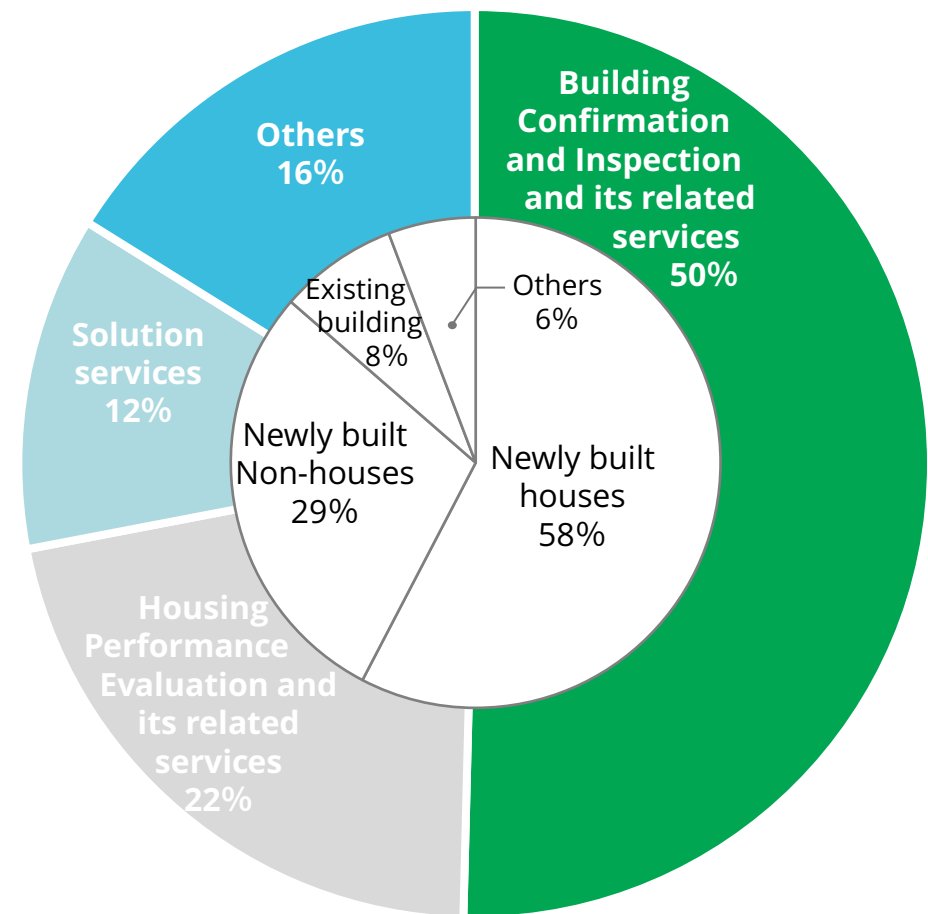
(Millions of yen)	2Q Previous fiscal year (Jun. 2022 – Nov. 2022)	2Q Reporting fiscal year (Jun. 2023– Nov. 2023)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	4,542 [54.1%]	4,364 [50.4%]	▲177	▲3.9%	453	▲182
Housing Performance Evaluation and its related services	1,815 [21.6%]	1,870 [21.6%]	54	3.0%	246	8
Solution Services	837 [10.0%]	1,028 [11.9%]	191	22.8%	▲134	▲151
Others	1,196 [14.3%]	1,397 [16.1%]	201	16.8%	302	97
Net Sales Total	8,391 [100.0%]	8,661 [100.0%]	269	3.2%	868	▲226

Sales breakdown | Consolidated

FY 5/2023 2Q

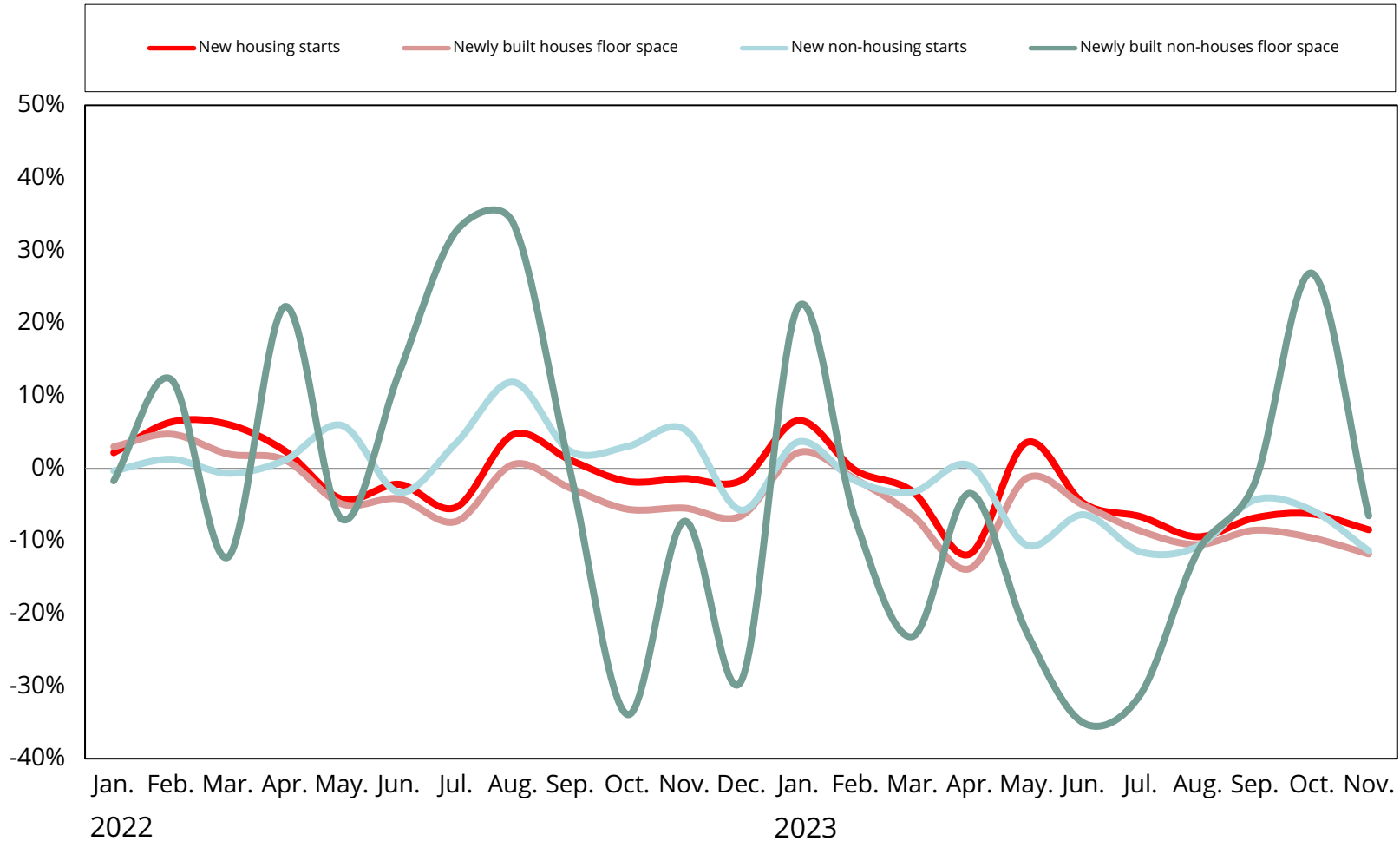


FY 5/2024 2Q



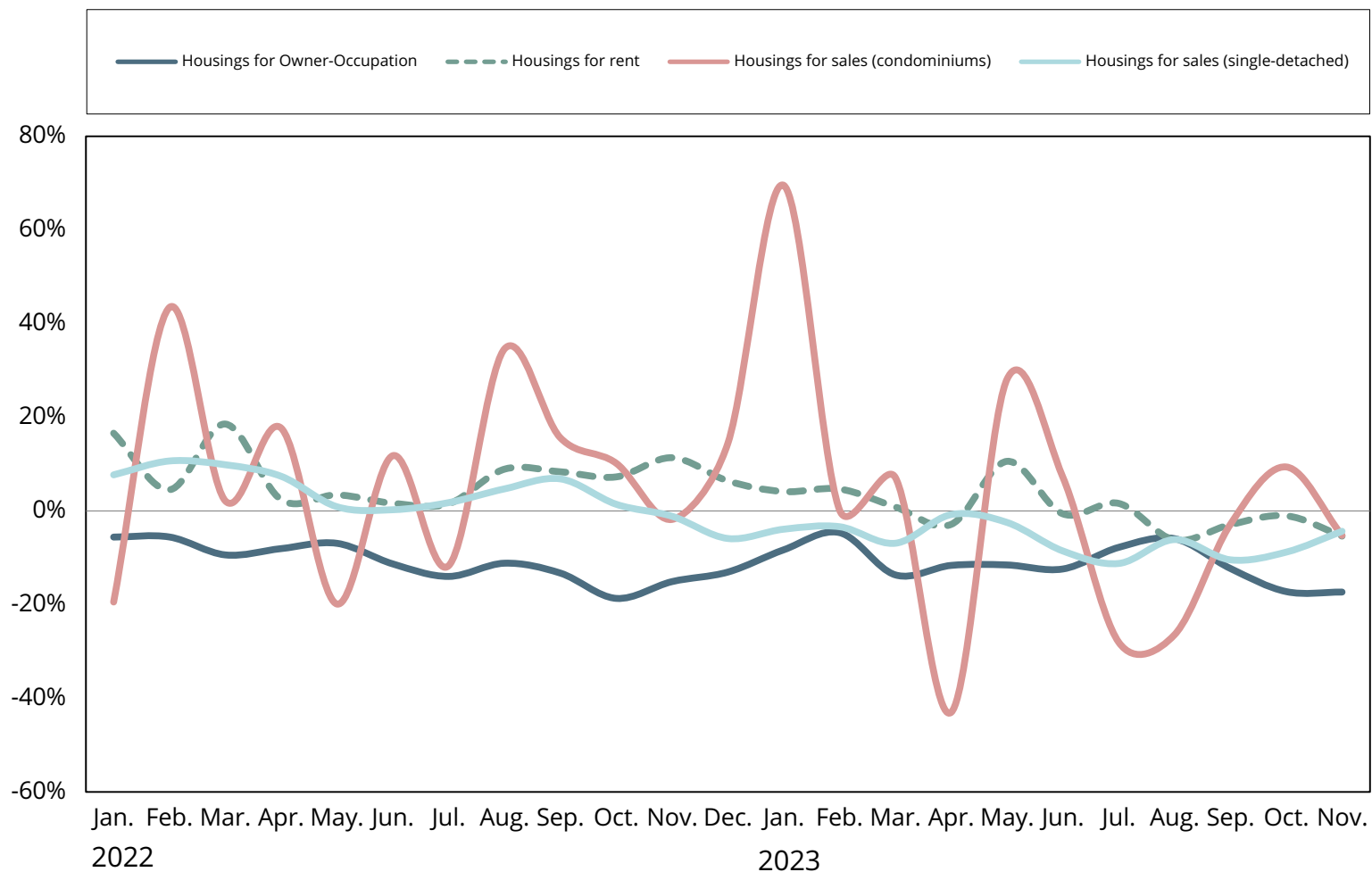
※ From 2022 full-year results, sales breakdown described in inner circle of the pie chart add "Others", whose sales are not segmented neither "Newly built houses", "Newly built non-houses" nor "Existing buildings".

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)

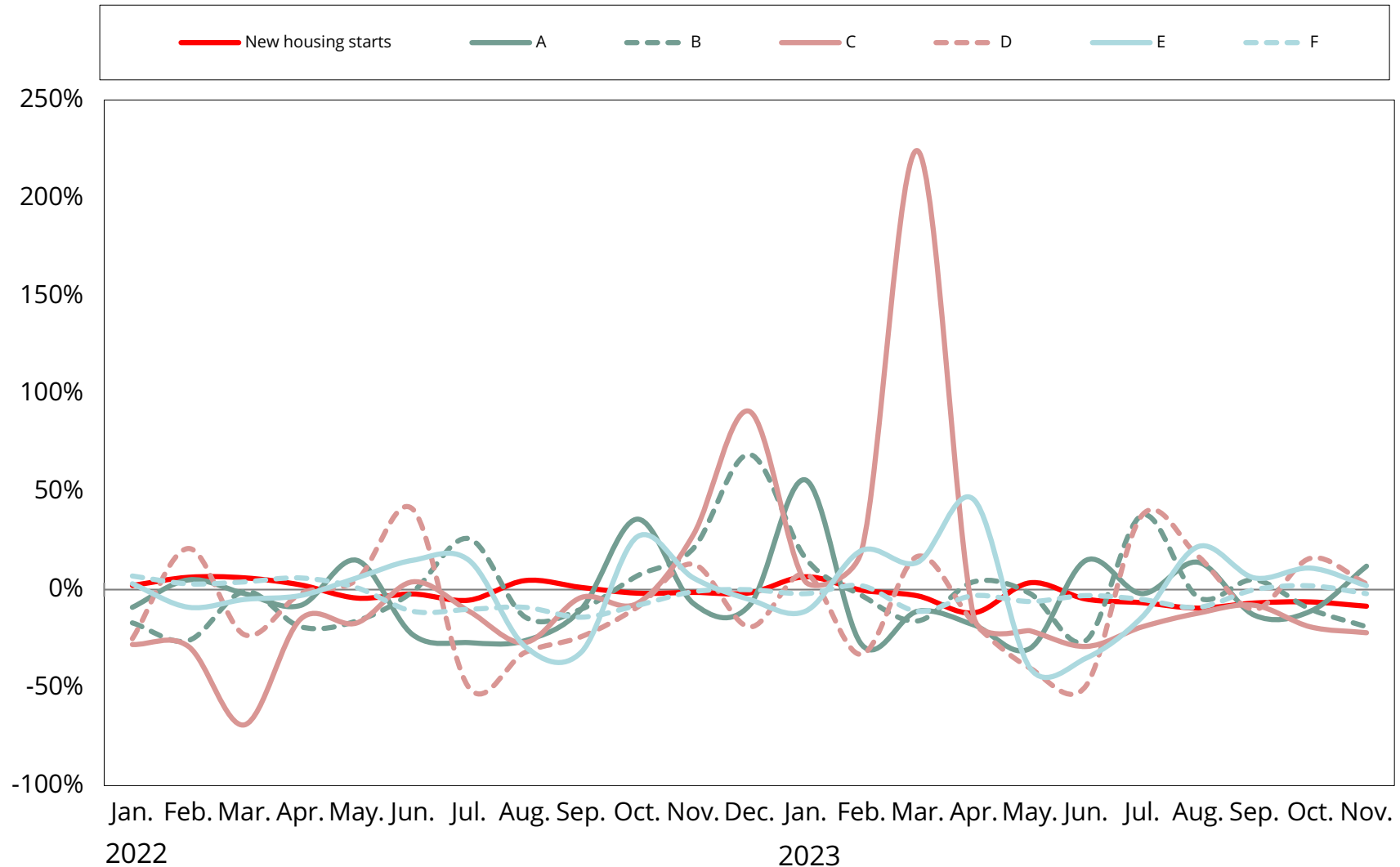


Changes in the cumulative total (from Jun. to Nov.)

New housing starts	▲7.1%
Housings for Owner-Occupation	▲12.1%
Housings for rent	▲2.4%
Housings for sales (condominiums)	▲8.2%
Housings for sales (single-detached)	▲8.2%

Market trend

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 5/2024 2Q (June 2023 ~ November 2023)

Housing sector

	Detached Houses	Terrace Houses	Collective Houses	Total
New Housing Starts (Unit)	188,774	40,547	187,182	416,503
Year-on-Year	▲10.5%	0.8%	▲5.0%	▲7.1%
Proportion	45.3%	9.7%	44.9%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	20,673	2,106	9,767	32,545
Year-on-Year	▲11.9%	0.6%	▲4.4%	▲9.0%
Proportion	63.5%	6.5%	30.0%	100.0%

Market trend

Stats of new construction starts in FY 5/2024 2Q (June 2023 ~ November 2023)

Non-housing sector

	Offices	Stores	Factories	Warehouses	Medical and Welfare	Others (educational, lodging and etc.)	Total
New Housing Starts (Unit)	4,542	2,723	3,049	6,090	3,194	11,430	31,028
Year-on-Year	▲9.2%	▲10.7%	▲18.8%	▲8.2%	▲7.4%	▲4.5%	▲8.4%
Proportion	14.6%	8.8%	9.8%	19.6%	10.3%	36.8%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	2,224	1,924	3,497	6,315	1,912	3,842	19,714
Year-on-Year	▲25.2%	▲8.5%	▲20.3%	▲1.1%	▲18.6%	▲12.3%	▲12.7%
Proportion	11.3%	9.8%	17.7%	32.0%	9.7%	19.5%	100.0%

Main operating figures | Consolidated

Segment	Business		2Q Previous fiscal year (Jun. 2022 – Nov. 2022)		2Q Reporting fiscal year (Jun. 2023 – Nov. 2023)		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		41,403	1,989	37,619	1,792	▲3,784	▲197
	Final Inspections		35,723	1,565	35,435	1,624	▲228	58
Housing Performance Evaluation and its related services	Housing Design Performance Evaluations	Detached Houses	18,711	603	17,405	589	▲1,306	▲14
		Collective Houses	15,772	196	18,621	223	2,849	27
	Housing Construction Performance Evaluations	Detached Houses	13,611	745	13,447	724	▲164	▲20
		Collective Houses	7,428	143	10,294	208	2,866	65
	Technical Assessments for Long-life Quality Housings*		2,873	116	2,493	108	▲380	▲7

* "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		2Q Previous fiscal year (Jun. 2022 – Nov. 2022)		2Q Previous fiscal year (Jun. 2023 – Nov. 2023)		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)		3,003 (2,101)	338	2,770 (1,852)	318	▲233 (▲249)	▲20
	BELS Certifications	Housings	21,304	269	38,293	424	16,989	154
		Non-housings	131	24	148	31	17	6
	Inspections for Housing Defect Liability Insurance*		14,027	179	15,033	165	1,006	▲13

* 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.

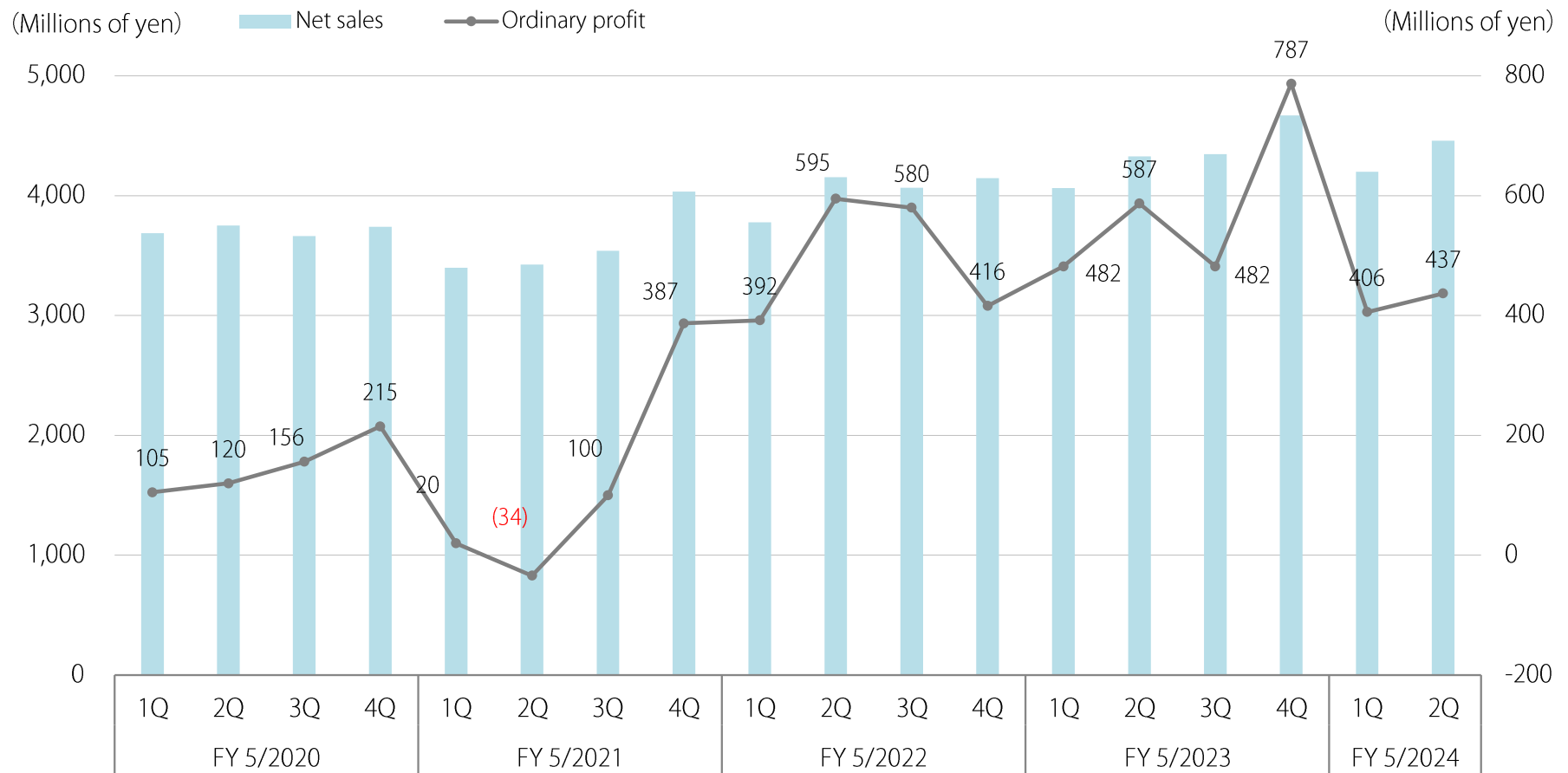
Consolidated financial statements | Assets

(Millions of yen)	Previous fiscal year (Jun. 2022 – May 2023)	2Q reporting fiscal year (Jun. 2023 – Nov. 2023)	Change
Total assets	10,860	11,105	244
Total current assets	8,326	8,620	293
Cash and deposits	6,408	6,650	241
Accounts receivable – trade and contract assets	1,344	1,305	▲39
Work in process	259	270	10
Total non-current assets	2,534	2,484	▲49
Property, plant and equipment	770	878	108
Total intangible assets	642	623	▲19
Goodwill	368	364	▲4
Total investments and other assets	1,121	983	▲138

Consolidated financial statements | Liabilities

(Millions of yen)	Previous fiscal year (Jun. 2022 – May 2023)	2Q reporting fiscal year (Jun. 2023 – Nov. 2023)	Change
Total liabilities	5,782	5,829	46
Total current liabilities	3,352	3,551	198
Accrued expenses	977	909	▲68
Contract liabilities	1,035	1,080	44
Total non-current liabilities	2,429	2,277	▲152
Total net assets	5,078	5,275	197
Total shareholders' equity	5,035	5,233	197
Retained earnings	4,129	4,327	197
Total liabilities and net assets	10,860	11,105	244

Changes of quarterly results | Consolidated



Forecasts for FY 5/2024

(Millions of yen)	FY 5/2023 (Jun. 2022 – May. 2023)	FY 5/2024 (Jun. 2023 – May. 2024)	Change	
			Amounts	Ratio
Net Sales	17,410	18,500	1,089	6.3%
Operating Profit	2,326	2,400	73	3.2%
Operating Profit Ratio	13.4%	13.0%	-	-
Ordinary Profit	2,340	2,400	59	2.6%
Ordinary Profit Ratio	13.4%	13.0%	-	-
Profit Attributable to Owners of Parent	1,533	1,540	6	0.4%
Profit per Share (Yen)	197.80	199.64	1.84	0.9%

MLIT reform building inspector system to enhance framework of Building Confirmation and Inspection

- License of Qualified Building Regulation Conformity Inspectors is expanded to 2nd-class architect, as a “Sub-Building Inspector※.”

※ “Sub-Building Inspector” administer Building Confirmation and Inspection of small-size buildings that 2nd-class architects authorized to design.

Potential market*

All buildings
(1st class architect can design)

Approx. 500,000 bldgs./year

Small-size buildings
(2nd class architect can design)

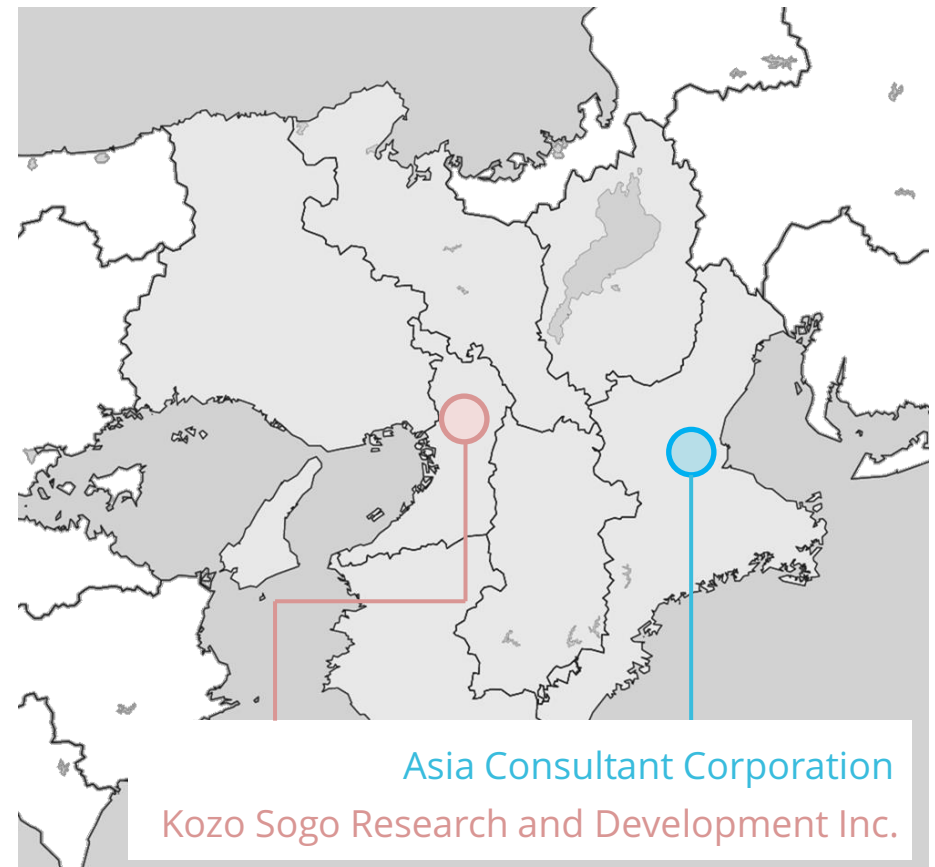
Over 400,000 bldgs./year

* Company estimation based on MLIT published data

Acquisition the construction consulting firm

- Acquired 100% ownership : October 2023, Asia Consultant Corporation.
- Collaborating with Kozo Sogo Research and Development Inc., we expand and enhance business operations in Kansai region.

 Asia Consultant Corporation	
Head office	Matsusaka-shi, Mie Prefecture
Business	Construction consulting, Surveying, etc.
Established	Jun 2004
Paid-in capital	JPY 10 million
Sales	JPY 202 million (FY ended 3/2023)



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