



Financial Results for the First Quarter

From June 1, 2017 to August 31, 2017

ERI Holdings Co., Ltd.

September 29, 2017

Listed on Tokyo Stock Exchange (Code 6083)

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

Summary

Increase in revenue and earnings year-on-year

- New housing starts slightly decreased partly due to weakening demand for rental houses.
- In Building Confirmation and Inspection services, both revenue and earnings increased year-on-year by expanding final inspections in addition to the benefit from fee schedule revision.
- In Housing Performance Evaluation and its related services, Housing Design Performance Evaluation decreased but Housing Construction Performance Evaluation increased significantly.
- In Solution Services, Due Diligence service performed well but labor cost also escalated along with the business expansion.
- In other segments, BELS service kept good sales and Evaluation for Compliance with Energy Consumption Performance of Buildings started up but the demand was slower-than-expected.
- Share transfer of Jutaku Seinou Hyouka Center Co., Ltd. – Designated Confirmation and Inspection Bodies focused on the nationwide service for detached houses - was agreed with major shareholder, released on Sep. 19.

Consolidated results



(Millions of yen)

| | FY2016 1Q (Jun. 2016 – Aug. 2016) | FY2017 1Q (Jun. 2017 – Aug. 2017) | Change | |
|---|--------------------------------------|--------------------------------------|---------|-------|
| | | | Amounts | Ratio |
| Net Sales | 2,701 | 2,829 | 127 | 4.7% |
| Operating Profit | 26 | 46 | 19 | 73.2% |
| Operating Profit Ratio | 1.0% | 1.6% | - | - |
| Ordinary Profit | 32 | 53 | 21 | 67.9% |
| Ordinary Profit Ratio | 1.2% | 1.9% | - | - |
| Profit Attributable to Owners of Parent | 13 | 26 | 13 | 96.3% |
| Earnings per Share (Yen) | 1.73 | 3.40 | 1.67 | - |

Consolidated results by segment



(Millions of yen)

| | FY2016 1Q | FY2017 1Q | Change | | Operating Profit | Change |
|---|-------------------|--------------------------|---------|-------|---------------------|--------|
| | | | Amounts | Ratio | | |
| Building Confirmation and Inspection | 1,481 [54.8%] | 1,554 [54.9%] | 72 | 4.9% | 99 | 54 |
| Housing Performance Evaluation and its related services | 679 [25.1%] | 690 [24.4%] | 11 | 1.7% | ▲18 | 0 |
| Solution Services* | 182 [6.8%] | 191 [6.8%] | 9 | 4.9% | ▲12 | ▲10 |
| Others | 358 [13.3%] | 392 [13.9%] | 34 | 9.6% | ▲22 | ▲24 |
| Net Sales Total | 2,701 [100.0%] | 2,829 [100.0%] | 127 | 4.7% | 46 | 19 |

* "Solution Services" split off from "Others" as an independent segment due to its growing importance in 1Q FY2016.
In addition, TBTC's services, solely included in "Others" previously, divided into each segment.



Main operating figures | Consolidated

(Cases)

| | FY2016 1Q (Jun. 2016 – Aug. 2016) | FY2017 1Q (Jun. 2017 – Aug. 2017) | Change | |
|--|--------------------------------------|--------------------------------------|---------|--------|
| | | | Amounts | Ratio |
| Building Confirmations | 15,650 | 15,068 | ▲582 | ▲3.7% |
| Final Inspections | 10,660 | 11,150 | 490 | 4.6% |
| Housing Design Performance Evaluations of Detached House | 5,582 | 5,068 | ▲514 | ▲9.2% |
| Housing Design Performance Evaluations of Collective House | 7,444 | 4,682 | ▲2,762 | ▲37.1% |

Key service figures | Consolidated

| | FY2017 1Q | | Change | |
|--|--------------|------------------------------|--------|------------------------------|
| | Cases | Amounts (Millions of Yen) | Cases | Amounts (Millions of Yen) |
| Building Confirmations for medium to large size buildings (over 500 sqm) | 1,399 | 389 | ▲72 | 27 |
| Housing Performance Evaluations of detached houses* ¹ | 5,068 | 178 | ▲514 | ▲20 |
| Technical Assessments for Long-life Quality Housings* ² | 5,972 | 93 | ▲452 | ▲3 |
| Inspections for Housing Defect Liability Insurance* ³ | 5,980 | 71 | ▲349 | ▲4 |
| Evaluations of Seismic Capacity and Seismic Retrofitting Plans | 31 | 9 | 0 | ▲3 |
| Structural Evaluations of High-rise Buildings (Skyscraper and/or Base isolation) | 32 | 34 | ▲16 | ▲25 |

*1 Cases and amounts by housing design performance evaluation.

*2 The number of cases which the certification of Long-Life Quality Housing were issued.

*3 Jutaku Anshin Hosyo's cases and amounts.

New services operating figures | Consolidated



(Cases)

| | FY2016 1Q | FY2017 1Q | Change | |
|--|-----------------|--------------|---------|--------|
| | | | Amounts | Ratio |
| Route-2 Structural Examination ^{*1} | 232 | 234 | 2 | 0.9% |
| Pre-completion Tentative Approval ^{*1} | 37 | 24 | ▲13 | ▲35.1% |
| Assessment of Compliance with the Building Standard Law services ^{*2} | 28 | 11 | ▲17 | ▲60.7% |
| BELS certification (Non-housings) ^{*3} | 9 ^{*5} | 19 | 10 | 111.1% |
| BELS certification (Housings) ^{*3} | 224 | 1,889 | 1,665 | 743.3% |
| Energy Pass certification ^{*4} | 159 | 33 | ▲126 | ▲79.2% |

*1 The service started responding to the revision of Building Standard Law in June 2015.

*2 The service started responding to the release of "Guideline for conformity inspection of Building Standard Law on existing buildings with no Inspection Certificate by utilizing Designated Confirmation and Inspection Bodies" (MLIT) in July 2014.

*3 The service started responding to the release of "Guideline for the Building Energy-efficiency Labeling (2013)" (MLIT) in October 2013. Coverage of BELS system expanded to housings in April 2016.

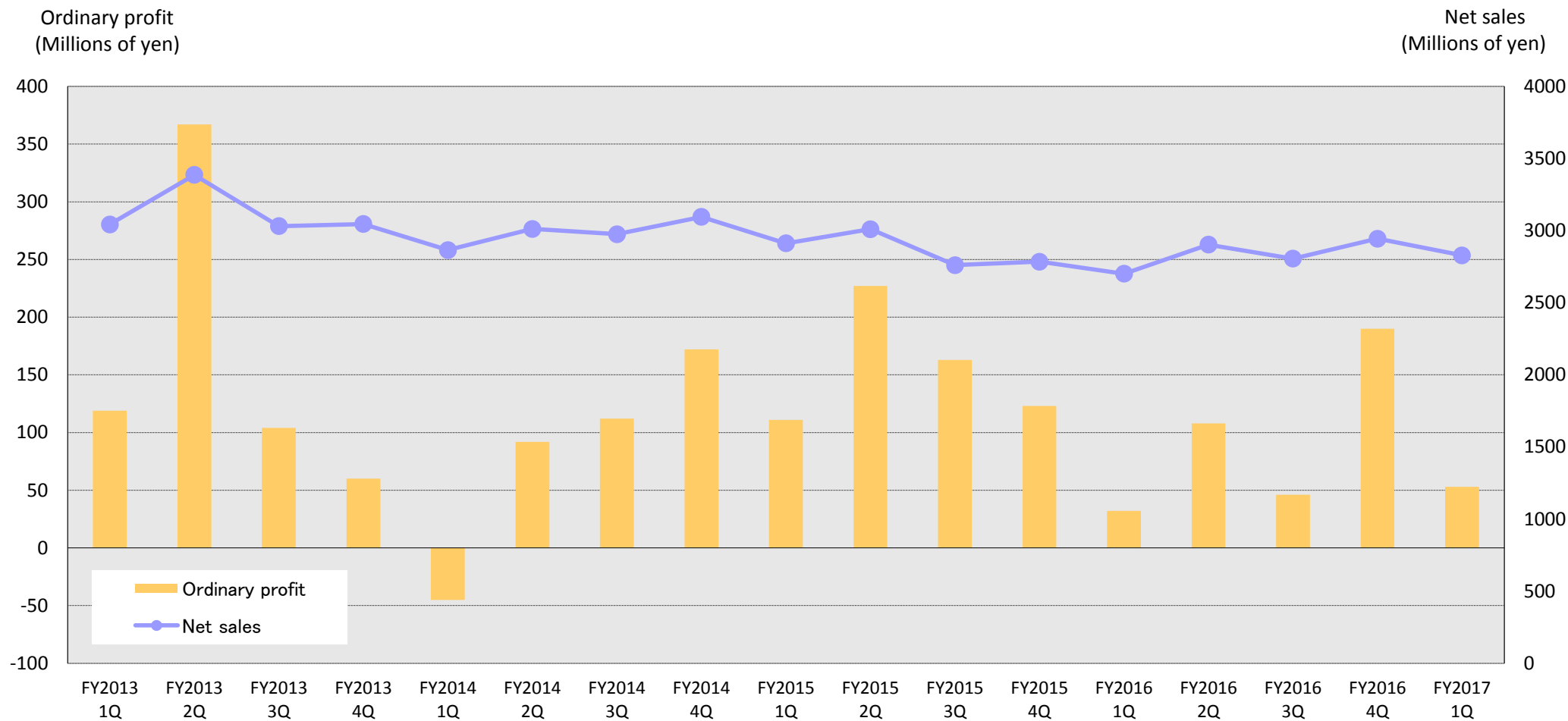
*4 The service, evaluation on insulating performance and HVAC efficiency of housings promoted by Japan Energy Pass Association, started to add third-party certification system in January 2014.

*5 In FY2016 1Q financial statements explanatory material, released on September 30, 2016, # of BELS certification (non-housings) were incorrectly counted as 8 instead of 9 and the total # of BELS certification was incorrectly described 232 instead of 233.

Changes of quarterly results | Consolidated



Quarterly net sales and ordinary profit



Until third quarter of FY2013, data is financial results announced by JAPAN ERI CO.,LTD.

Forecasts for FY2016



(Millions of yen)

| | FY2016 (Jun. 2016 – May 2017) | FY2017 (Jun. 2017 – May 2018) | Change |
|--|----------------------------------|----------------------------------|--------|
| Net Sales | 11,357 | 12,187 | 829 |
| Operating Profit | 289 | 635 | 345 |
| Vs. Net Sales | 2.6% | 5.2% | — |
| Ordinary Profit | 367 | 643 | 275 |
| Vs. Net Sales | 3.2% | 5.3% | — |
| Profit Attributable to Owners of Parent | 212 | 410 | 197 |
| Earnings per Share (Yen) | 27.17 | 52.45 | 25.28 |
| Dividends per Share (Yen) | 30 | 30 | 0 |

Topics



Sep. 19, 2017, concluding share purchase agreement!

- The share transfer procedure is scheduled to be completed on November 22, 2017.
- The impact of the share transfer on the business results for the fiscal year ending May 2018 is currently under review and will be announced immediately after it is confirmed.

Corporate Profile

| | |
|------------------------|---|
| Company Name | Jutaku Seinou Hyouka Center Co., Ltd. |
| Head Office | Shinjuku-ku, Tokyo |
| Main Lines of Business | Building confirmation and inspection, Housing performance evaluation, Various services related to building and housing evaluation |
| Paid-in Capital | ¥100million |
| Established | June 2000 |

(Millions of yen)

| Fiscal Year End | March 2015* | March 2016 | March 2017 |
|------------------|-------------|------------|------------|
| Sales | 1,662 | 1,947 | 2,238 |
| Operating Profit | 78 | 53 | 220 |
| Net Profit | 62 | 108 | 163 |
| Total Assets | 1,070 | 1,196 | 1,343 |
| Net Assets | 713 | 797 | 928 |

*10-monthes of financial results, from June 2014 to March 2015, due to fiscal year-end change.



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