

Financial Results for the First Quarter

From June 1, 2021 to August 31, 2021



ERI Holdings Co., Ltd.
September 30, 2021

ERI

Evaluation, Rating, Inspection

Holdings

Good start for V-shaped recovery

- In the first quarter, housing sector remarkably rebounded, and it largely contributed to the recovery of our business.
- Both new housing starts and new build GFA of non-housing have been increasing on a year-on-year comparison.
- All the segments turned around to increase in revenue and earnings on a year-on-year comparison.
- M&A of Sakoken, certification for the Point System for Green Housing, premium refunds and application of Accounting Standard for Revenue Recognition impacted positively but temporary.
- We should keep an eye on a few concerns such as a possible rebound of COVID-19, global shortfall of construction woods※¹ and semiconductors※², etc.

※¹ See “Supply crunch; impact of Wood Shock.” METI report, July 27, 2021.

※² Delay in supplying photovoltaics, air conditioners, EcoCute (Natural refrigerant heat pump water heater), etc.

Consolidated financial results

(Millions of yen)	1Q Previous fiscal year (Jun. 2020 – Aug. 2020)	1Q Reporting fiscal year (Jun. 2021– Aug. 2021)	Change	
			Amounts	Ratio
Net Sales	3,399	3,779	380	11.2%
Operating Profit	▲29	355	385	-
Operating Profit Ratio	▲0.9%	9.4%	-	-
Ordinary Profit	20	392	372	-
Ordinary Profit Ratio	0.6%	10.4%	-	-
Profit Attributable to Owners of Parent	7	247	240	-
Profit per Share (Yen)	1.01	31.64	30.63	-

Consolidated financial results by segment

(Millions of yen)	1Q Previous fiscal year (Jun. 2020 – Aug. 2020)	1Q Reporting fiscal year (Jun. 2021– Aug. 2021)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	1,903 [56.0%]	2,058 [54.5%]	155	8.2%	291	269
Housing Performance Evaluation and its related services	889 [26.2%]	928 [24.6%]	39	4.4%	68	52
Solution Services	232 [6.8%]	327 [8.7%]	95	40.9%	▲16	14
Others	374 [11.0%]	464 [12.3%]	90	24.1%	27	49
Net Sales Total	3,399 [100.0%]	3,779 [100.0%]	380	11.2%	372	385

Main operating figures | Consolidated

		1Q Previous fiscal year (Jun. 2020 – Aug. 2020)		1Q Reporting fiscal year (Jun. 2021 – Aug. 2021)		Change	
		Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building Confirmations		17,248	802	20,608	923	3,360	121
Final Inspections		16,570	690	16,301	675	▲269	▲15
Housing Design Performance Evaluations	Detached Houses	8,255	244	9,081	282	826	38
	Collective Houses	6,417	68	5,978	68	▲439	0
Housing Construction Performance Evaluations	Detached Houses	7,770	416	6,318	359	▲1,452	▲57
	Collective Houses	4,080	57	3,027	51	▲1,053	▲6

Key service figures | Consolidated

		1Q Previous fiscal year (Jun. 2020 – Aug. 2020)		1Q Reporting fiscal year (Jun. 2021 – Aug. 2021)		Change	
		Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Technical Assessments for Long-life Quality Housings		6,407	88	7,553	109	1,146	21
Inspections for Housing Defect Liability Insurance		9,347	77	8,234	88	▲1,113	11
Evaluation for Building Energy Standards (incl. 300 ~ 2,000 sqm)		390 (-)	62	993 (583)	121	603 (583)	59
BELS Certifications	Non-housings	18	2	36	7	18	5
	Housings	2,075	33	2,497	48	422	15

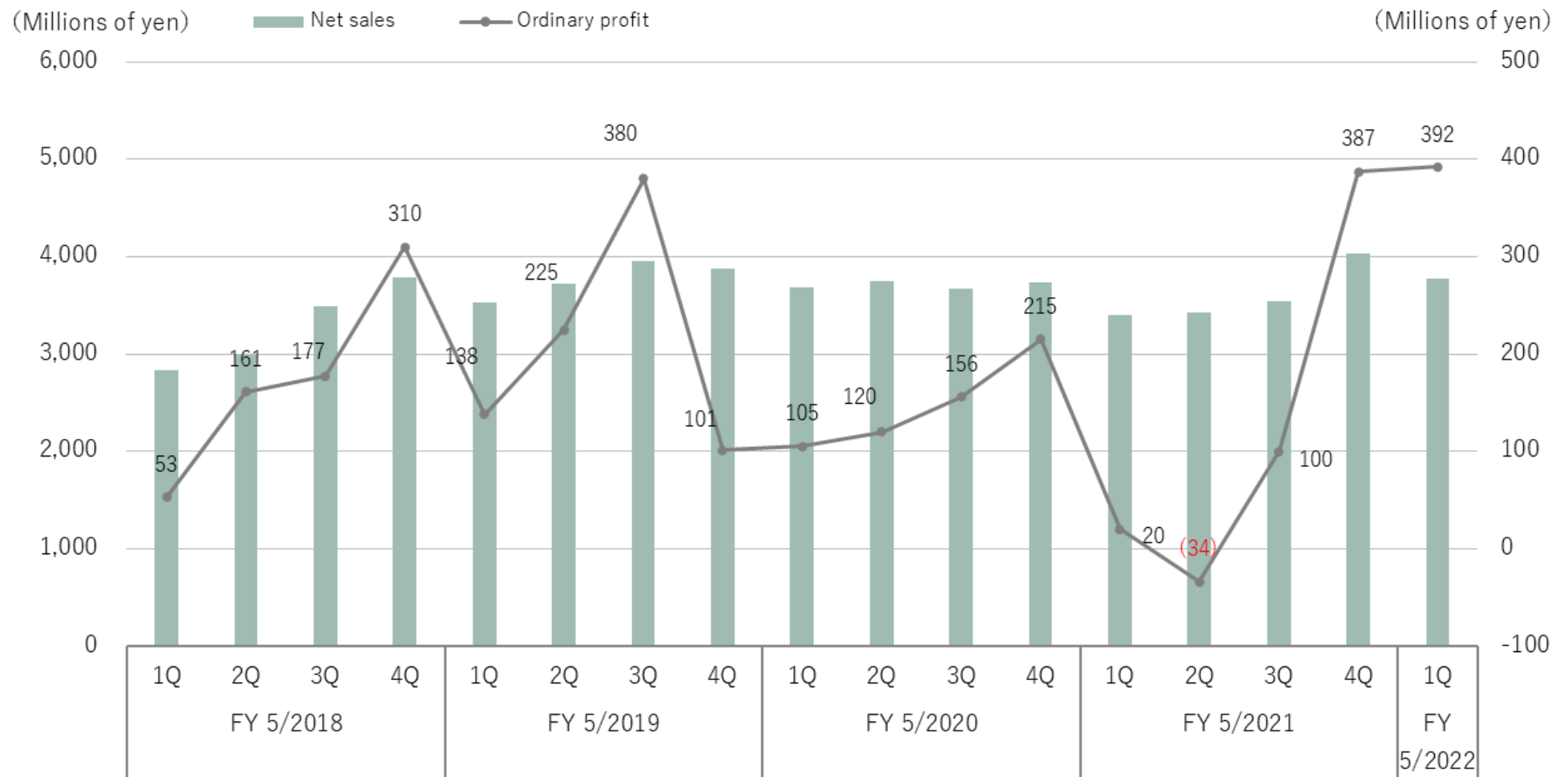
* "Building Confirmations for medium to large size buildings (over 500 sqm)" includes the numbers of plan change.

* "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

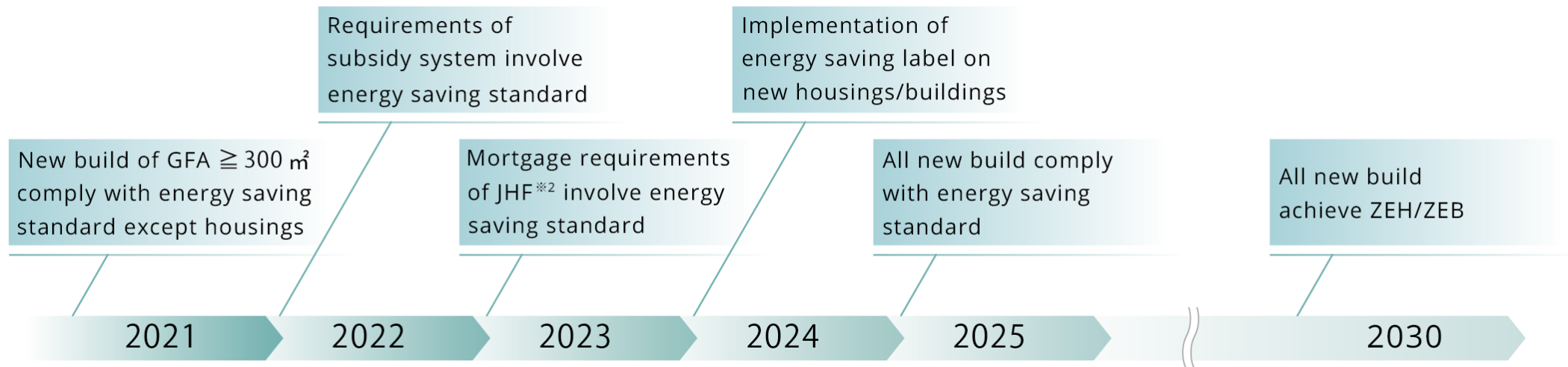


Forecasts for FY 5/2022

(Millions of yen)	FY 5/2021 Results (Jun. 2019 - May 2020)	FY 5/2022 Forecasts (Jun. 2020 - May 2021)	Change	
			Amounts	Ratio
Net Sales	14,397	15,232	834	5.8%
Operating Profit	402	789	386	95.9%
Operating Profit Ratio	2.8%	5.2%	-	-
Ordinary Profit	474	825	351	74.1%
Ordinary Profit Ratio	3.3%	5.4%	-	-
Profit Attributable to Owners of Parent	264	492	227	85.9%
Profit per Share (Yen)	33.95	62.84	28.89	85.1%

Roadmap for enhancement of housing/buildings energy saving performance is published

- From Apr. 2021 Minimum GFA of energy saving requirement is expanded from 2,000m² to 300m²
- From FY2025 All newbuild housings/buildings comply with energy saving standard
- By FY2030 All newbuild housings/buildings achieve ZEH/ZEB^{※1}



Source : “Procedure for energy saving housings/buildings towards a decarbonized society” by the joint conference of MLIT, METI and MOE with experts and officials, August 2021.

※1 ZEH (net Zero Energy House) and ZEB (net Zero Energy Building) are labels of energy performance which aim neutralizing primary energy balance.

※2 JHF (Japan Housing Finance Agency) is a government-related housing finance institution, which is the largest MBS issuer in Japan.

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