

Financial Results for the Second Quarter

From June 1, 2021 to November 30, 2021



ERI Holdings Co., Ltd.
December 28, 2021

ERI

Evaluation, Rating, Inspection

Holdings

V-shaped recovery have kept on going

- In the second quarter, housing sector has kept remarkable rebound, 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, the Point System for Green Housing related services, insurance proceeds and application of Accounting Standard for Revenue Recognition impacted positively but temporary.
- Second quarter earnings marked a record-high and we revised up the forecasts of annual earnings and dividend.
- We should keep an eye on the market condition such as peaking out of housing boom as a reaction against coronavirus crisis, soaring price of construction material, delay in MEP supplies, etc.

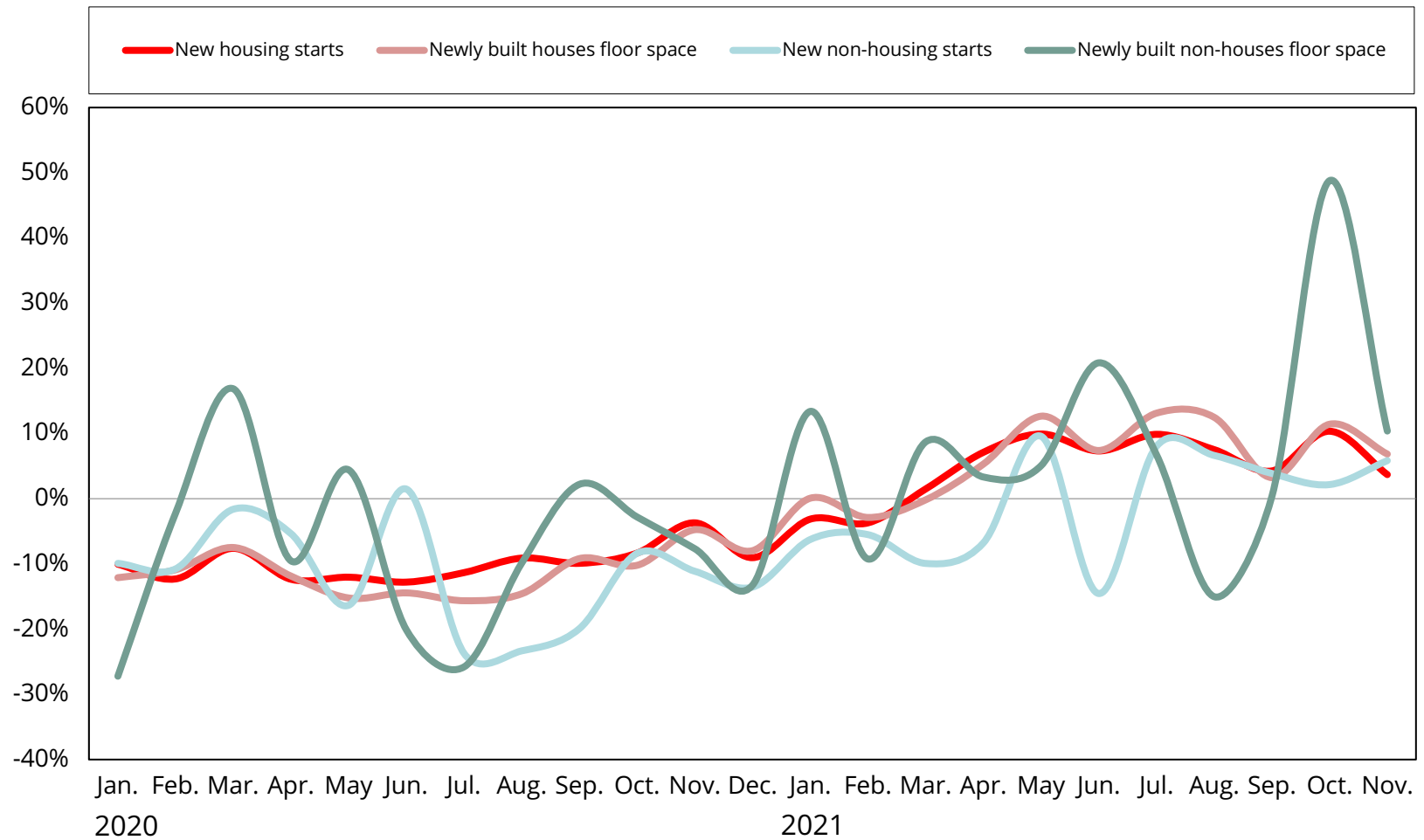
Consolidated financial results

(Millions of yen)	2Q previous fiscal year (Jun. 2020– Nov. 2020)	2Q reporting fiscal year (Jun. 2021– Nov. 2021)	Change	
			Amounts	Ratio
Net Sales	6,824	7,934	1,109	16.3%
Operating Profit	▲78	931	1,010	-
Operating Profit Ratio	▲1.2%	11.7%	-	-
Ordinary Profit	▲14	988	1,002	-
Ordinary Profit Ratio	▲0.2%	12.5%	-	-
Profit Attributable to Owners of Parent	▲33	601	635	-
Profit per Share (Yen)	▲4.27	76.84	81.11	-

Consolidated financial results by segment

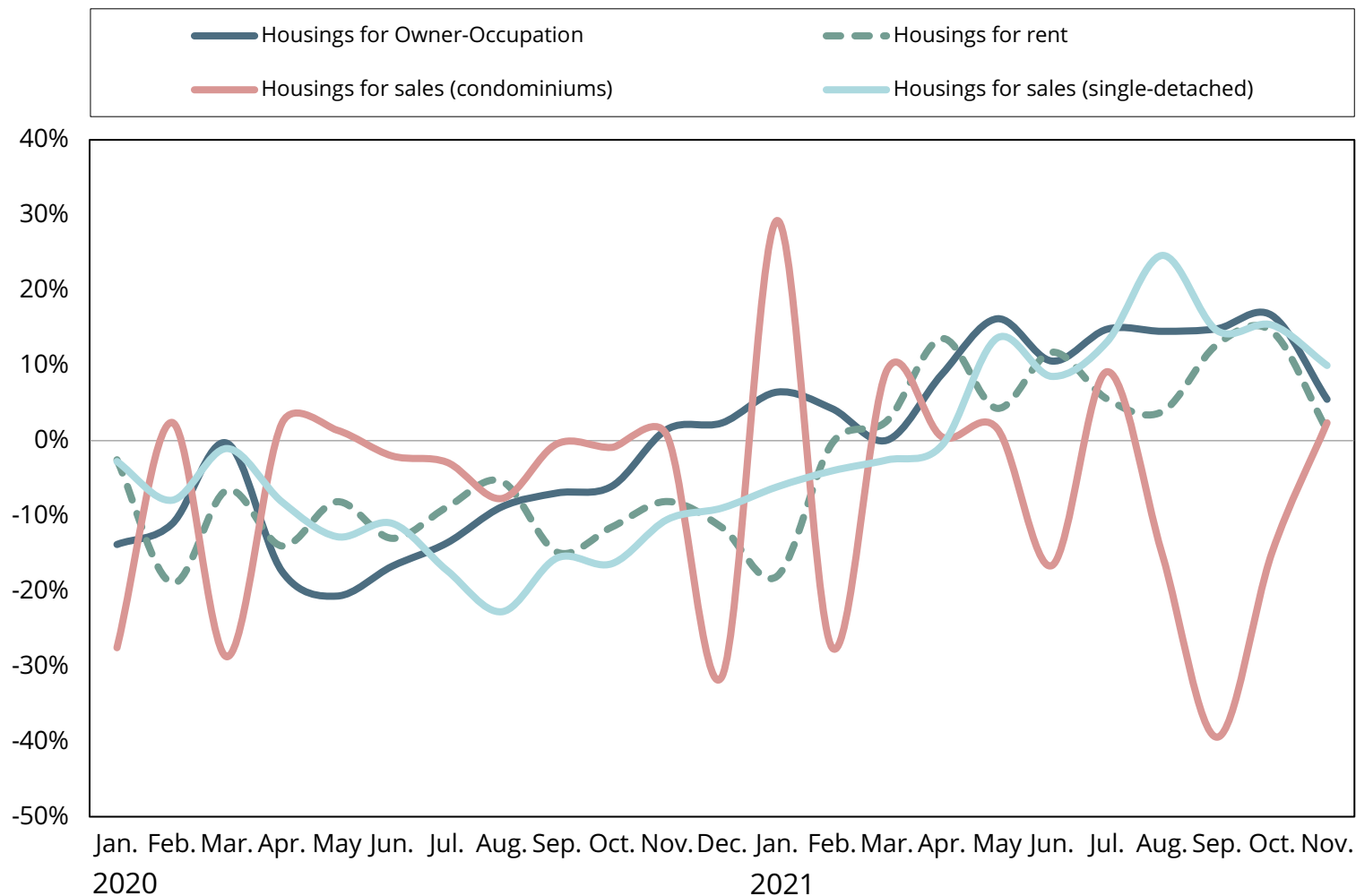
(Millions of yen)	2Q previous fiscal year (Jun. 2020–Nov. 2020)	2Q reporting fiscal year (Jun. 2021–Nov. 2021)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	3,783 [55.4%]	4,256 [53.6%]	473	12.5%	590	565
Housing Performance Evaluation and its related services	1,769 [25.9%]	1,969 [24.8%]	200	11.3%	234	200
Solution Services	518 [7.6%]	690 [8.7%]	172	33.2%	8	61
Others	754 [11.1%]	1,017 [12.8%]	263	35.0%	131	185
Net Sales Total	6,824 [100.0%]	7,934 [100.0%]	1,109	16.3%	964	1,011

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



Market trend

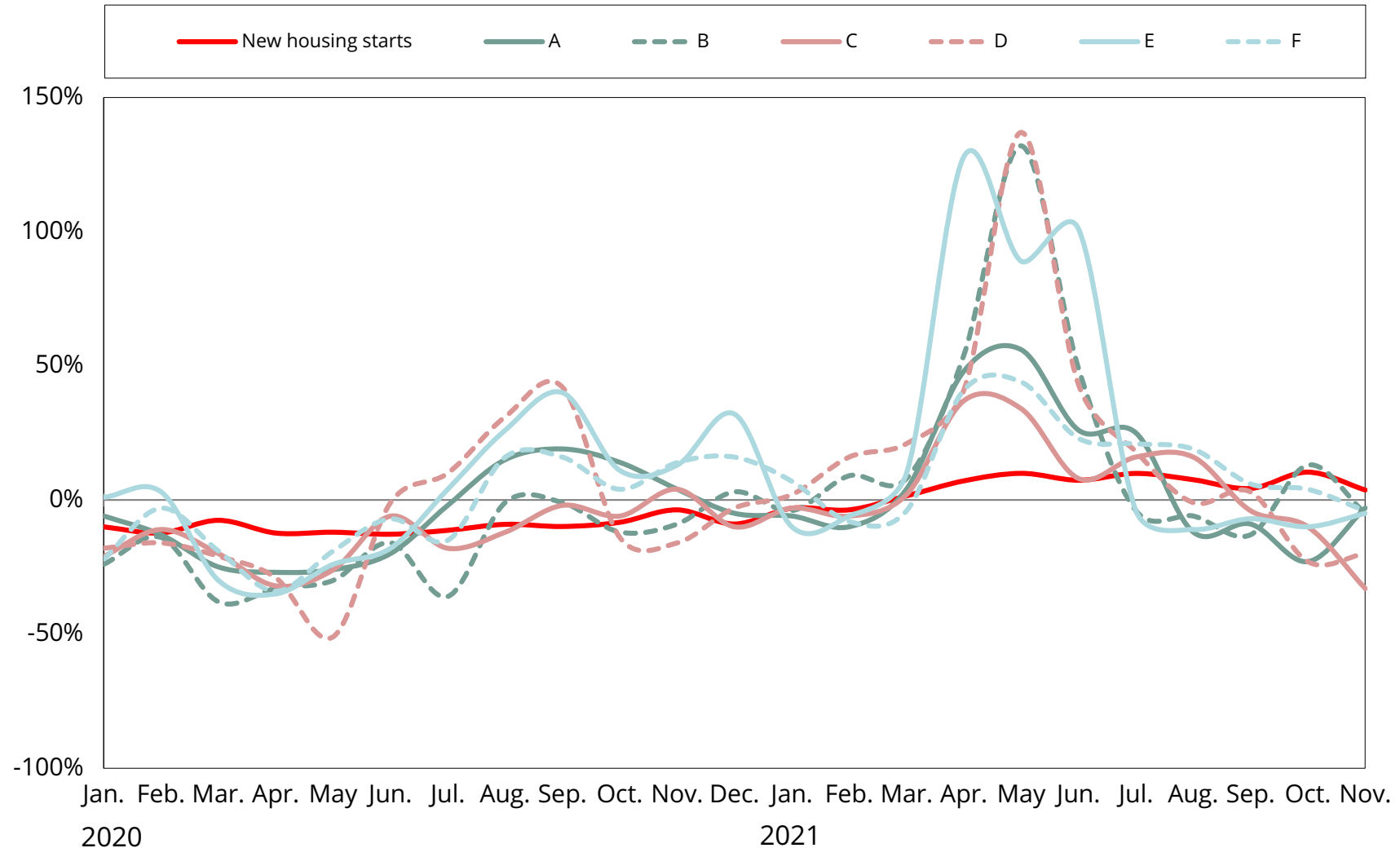
Changes in new housing starts by categories of housing (year-on-year rate)



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

New housing starts	7.2%
Housings for Owner-Occupation	12.7%
Housings for rent	8.2%
Housings for sales (condominiums)	▲ 14.3%
Housings for sales (single-detached)	14.0%

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 5/2022 2Q (June 2021 ~ November 2021)

Housing sector

	Detached Houses	Terrace Houses	Collective Houses	Total
New Housing Starts (Unit)	230,691	38,336	183,366	452,393
Year-on-Year	13.1%	6.4%	0.7%	7.2%
Proportion	51.0%	8.5%	40.5%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	26,099	1,998	9,244	37,341
Year-on-Year	12.9%	6.7%	▲0.1%	9.0%
Proportion	69.9%	5.4%	24.8%	100.0%

Market trend

Stats of new construction starts in FY 5/2022 2Q (June 2021 ~ November 2021)

Non-housing sector

	Offices	Stores	Factories	Warehouses	Medical and Welfare	Others (educational, lodging and etc.)	Total
New Housing Starts (Unit)	5,249	2,801	3,449	6,779	3,329	11,080	32,687
Year-on-Year	9.2%	7.2%	7.2%	▲13.4%	▲10.6%	9.2%	1.1%
Proportion	16.1%	8.6%	10.6%	20.7%	10.2%	33.9%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	4,037	1,978	3,540	5,945	2,194	4,206	21,900
Year-on-Year	84.0%	3.7%	22.8%	5.4%	1.2%	▲11.3%	12.1%
Proportion	18.4%	9.0%	16.2%	27.1%	10.0%	19.2%	100.0%

Main operating figures | Consolidated

		2Q previous fiscal year (Jun. 2020 – Nov. 2020)		2Q reporting fiscal year (Jun. 2021 – Nov. 2021)		Change	
		Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Building Confirmations		33,506	1,541	42,154	1,905	8,648	364
Final Inspections		33,796	1,407	34,459	1,444	663	37
Housing Design Performance Evaluations	Detached Houses	15,477	473	18,282	563	2,805	90
	Collective Houses	12,063	132	11,796	131	▲267	▲1
Housing Construction Performance Evaluations	Detached Houses	15,599	844	13,821	797	▲1,778	▲47
	Collective Houses	8,529	125	6,452	107	▲2077	▲18

Key service figures | Consolidated

		2Q previous fiscal year (Jun. 2020 – Nov. 2020)		2Q reporting fiscal year (Jun. 2021 – Nov. 2021)		Change	
		Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)	Cases	Amounts (Millions of Yen)
Technical Assessments for Long-life Quality Housings		12,412	176	15,229	227	2,817	51
Inspections for Housing Defect Liability Insurance		18,162	157	16,977	182	1,185	25
Evaluation for Building Energy Standards (incl. 300 ~ 2,000 sqm)		748 (-)	119	2,143 (1,300)	264	1,395 (1,300)	145
BELS Certifications	Non-housings	49	7	96	15	47	8
	Housings	4,333	71	6,280	137	1,947	66

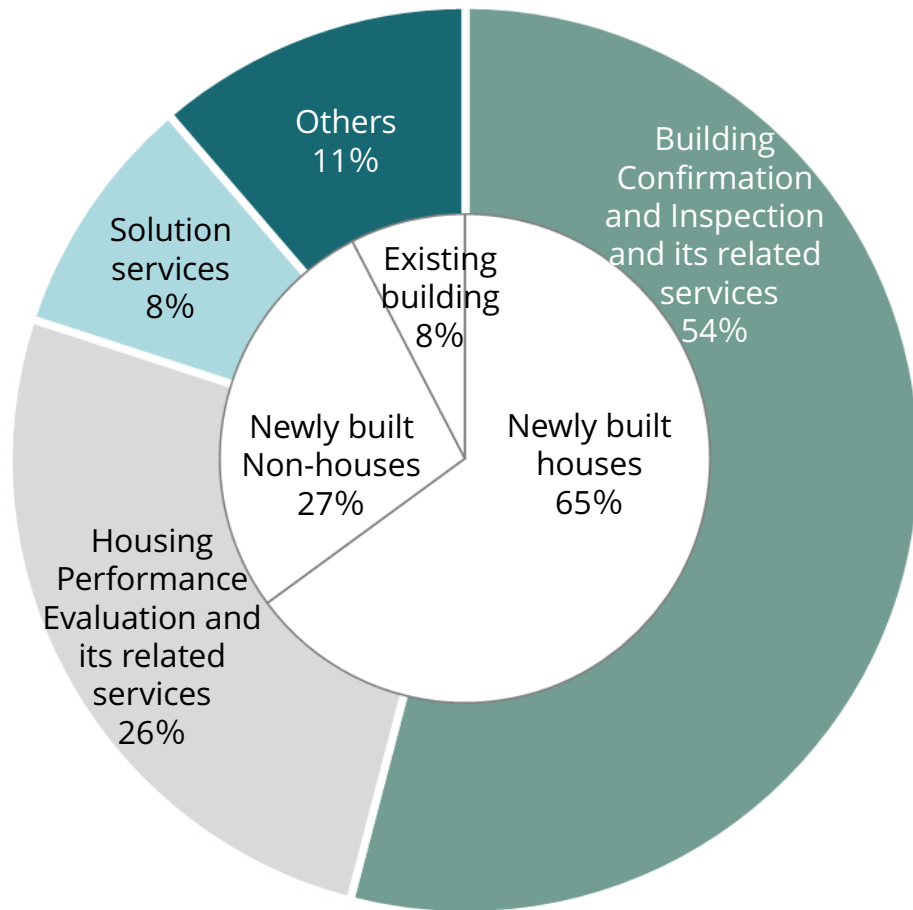
* "Technical Assessments for Long-life Quality Housings" represents the numbers and amounts of conformance certificate, which includes the numbers and amounts of extension and renovation. The numbers of plan change is included.

* 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.

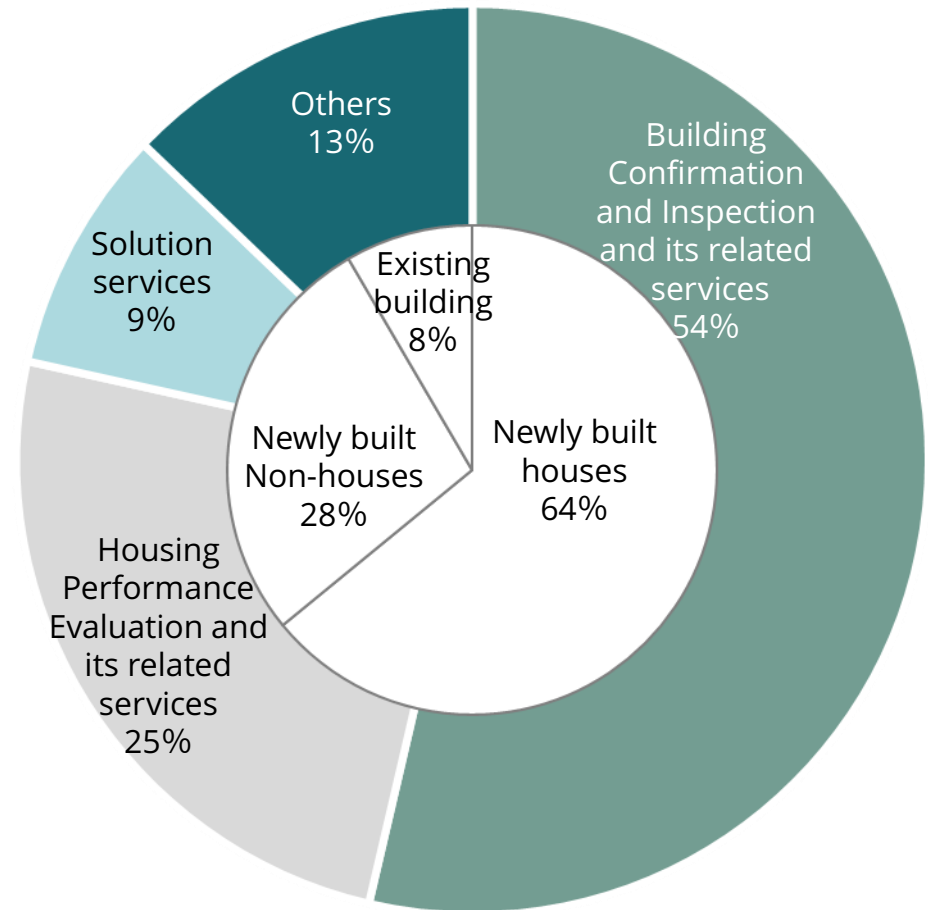
* From FY 5/2020 report, "Evaluation for Compliance with Energy Consumption Performance of Buildings" excludes the numbers of plan change.

Sales breakdown | Consolidated

FY 5/2021 2Q



FY 5/2022 2Q



Consolidated financial statements | Assets

(Millions of yen)	Previous fiscal year (Jun. 2020 – May 2021)	2Q reporting fiscal year (Jun. 2021 – Nov. 2021)	Change
Total assets	6,477	7,403	925
Total current assets	4,261	5,344	1,082
Cash and deposits	2,650	3,799	1,148
Accounts receivable – trade	902	-	▲902
Accounts receivable – trade and contract assets	-	1,125	1,125
Work in process	420	228	▲191
Total non-current assets	2,216	2,059	▲157
Property, plant and equipment	531	502	▲29
Total intangible assets	755	706	▲49
Goodwill	432	393	▲38
Total investments and other assets	929	850	▲78

Consolidated financial statements | Liabilities

(Millions of yen)	Previous fiscal year (Jun. 2020 – May 2021)	2Q reporting fiscal year (Jun. 2021 – Nov. 2021)	Change
Total liabilities	3,453	3,890	437
Total current liabilities	2,361	2,674	313
Accrued expenses	784	870	86
Advances received	769	-	▲769
Contract liabilities	-	863	863
Total non-current liabilities	1,092	1,216	124
Total net assets	3,024	3,512	488
Total shareholders' equity	2,989	3,474	485
Retained earnings	1,954	2,439	485
Total liabilities and net assets	6,477	7,403	925

Changes of quarterly results | Consolidated



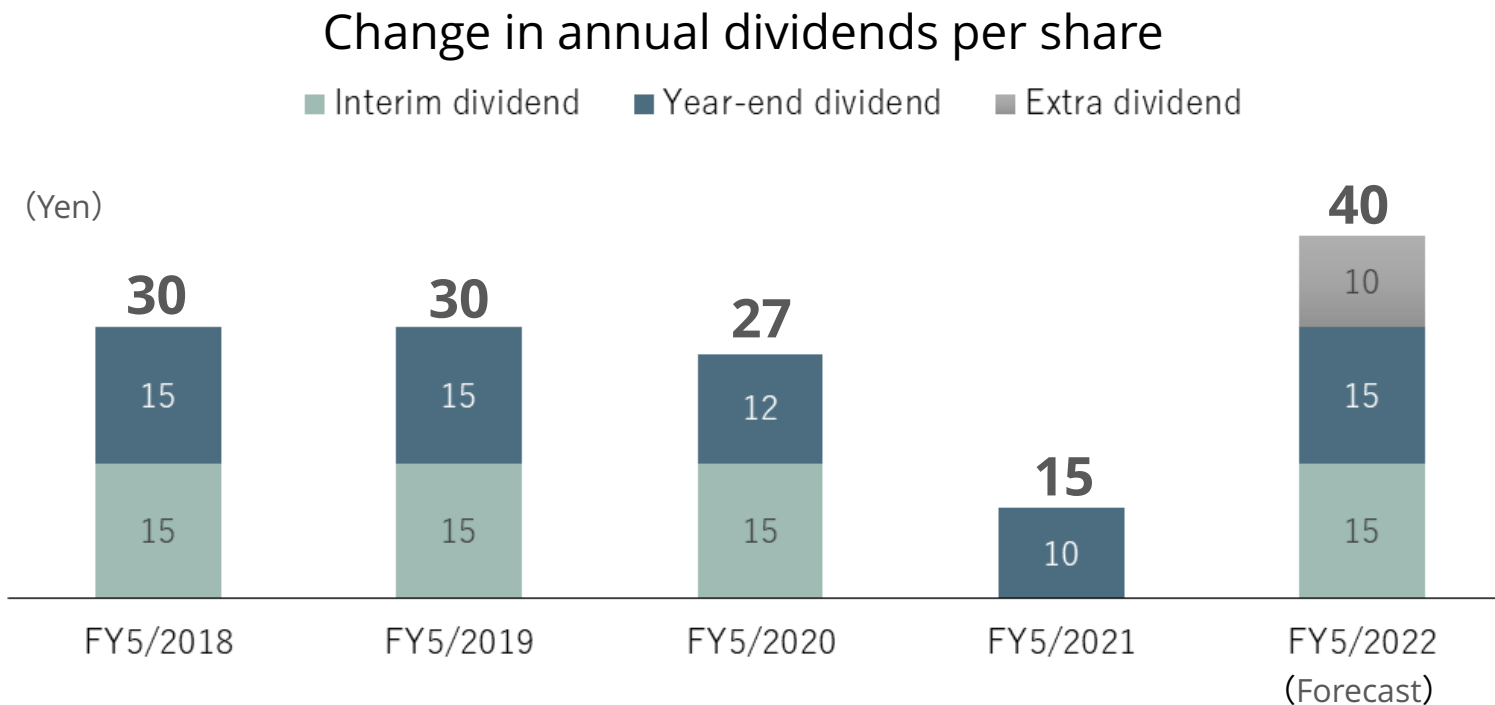
Revised forecasts for FY 5/2022

- Responding to a strong business recovery, we revised up initial forecast of FY 5/2022.
- We will successfully achieve 1.2-billion-yen operating profit target in the medium-term management plan and expect a record high profit.

(Millions of yen)	Initial forecast (A)	Revised forecast (B)	Change (B-A)	Rate of change (%)	FY 5/2021 Results
Net Sales	15,232	15,810	577	3.8%	14,397
Operating Profit	789	1,600	611	102.8%	402
Operating Profit Ratio	5.2%	10.1%	-	-	2.8%
Ordinary Profit	825	1,660	834	101.0%	474
Ordinary Profit Ratio	5.4%	10.5%	-	-	3.3%
Profit Attributable to Owners of Parent	492	1,031	539	109.6%	264
Profit per Share (Yen)	62.84	131.73	68.89	-	33.95

Revised forecast of dividend

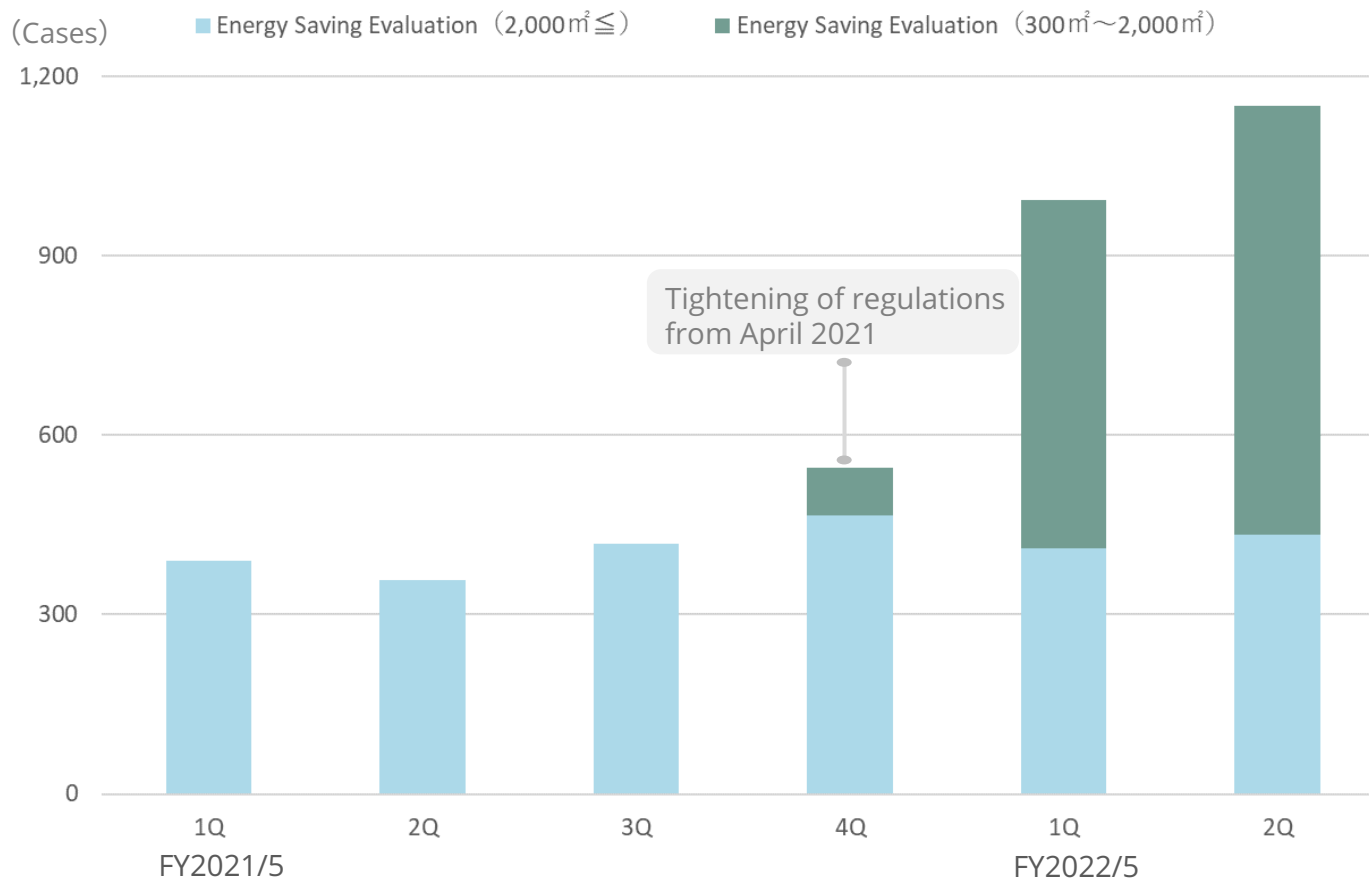
- Responding to a significant revising up of earnings estimates, in gratitude for a warm support from shareholders, we will add 10-yen extra dividend to the year-end dividend.
- Therefore, including 15-yen interim dividend, annual dividends were revised upward in total 40-yen.



Update on Evaluation for Building Energy Standards

- From April 2021, new non-housings building of GFA 300m²~2,000m² must comply with Energy Saving Standards.
- Its second quarter sales increased **122% on a year-on year comparison.**

Change in Evaluation for Building Energy Standards



Sales of Evaluation for Building Energy Standards

FY2022/2Q

264 million yen

↑ +122%

FY2021/2Q

119 million yen

Field-test for remote Building Inspection by BIM utilization

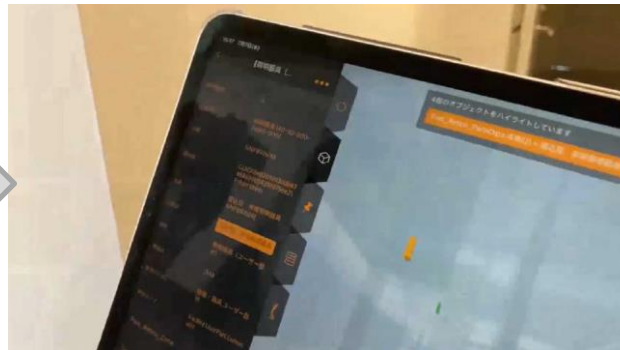
- Japan ERI worked with TAKENAKA CORPORATION in their leading model project of BIM by MLIT program.
- On a tablet device, building inspector reviewed requisite information for Building Inspection extracted from BIM model and PDF plan drawings.
- Using mobile device and web meeting, Building Inspection is assisted remotely.

On site



Using Common Data Environment (CDE), on-site data is transmitted to off-site inspector.

MR view



Smoke ventilation window, FAR requisite, non-combustible material certification, emergency lighting, etc. are inspected.

Remote site



From the Japan ERI headquarter, building inspector review the information and give an instruct though the CDE.

※ Source : MLIT 「the second working group of leading model project of BIM, March 11, 2021」

Field-test for remote Interim Building Inspection utilizing BIM and MR

- Jutaku Seinou Hyouka Center (SHC) collaborated with ANDPAD Inc. in their leading model project of BIM by MLIT program.
- The view of on-site image with 3D model (design, structure) projected on the monitor can be shared with a building inspector remotely.
- Field supervisor and inspector can share the findings and the remediation responses on ANDPAD device.

On site



Using MR device and wearable camera, field supervisor and remoted building inspector jointly inspected the building.

MR View



3D model view is projected on the on-site image.

Remote site



From the SHC headquarter, building inspector reviewed the image and recorded the findings on ANDPAD drawings.

※ Source: Announcement from ANDPAD Inc. and SHC 「Utilizing MR technology and ANDPAD drawings, Interim Building Inspection was tested remotely at ANDPAD HOUSE」

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.