

ERI

Evaluation, Rating, Inspection

Holdings

A stylized illustration of a tree with a grey trunk and branches, and dark grey leaves. The tree is set against a background of a bar chart with various green and blue bars of different heights. The tree's canopy is positioned over the taller bars of the chart.

Commitment to the sustainability-oriented business practices

2022 Full-Year Results

From June 1, 2022 to May 31, 2023

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

July 11, 2023

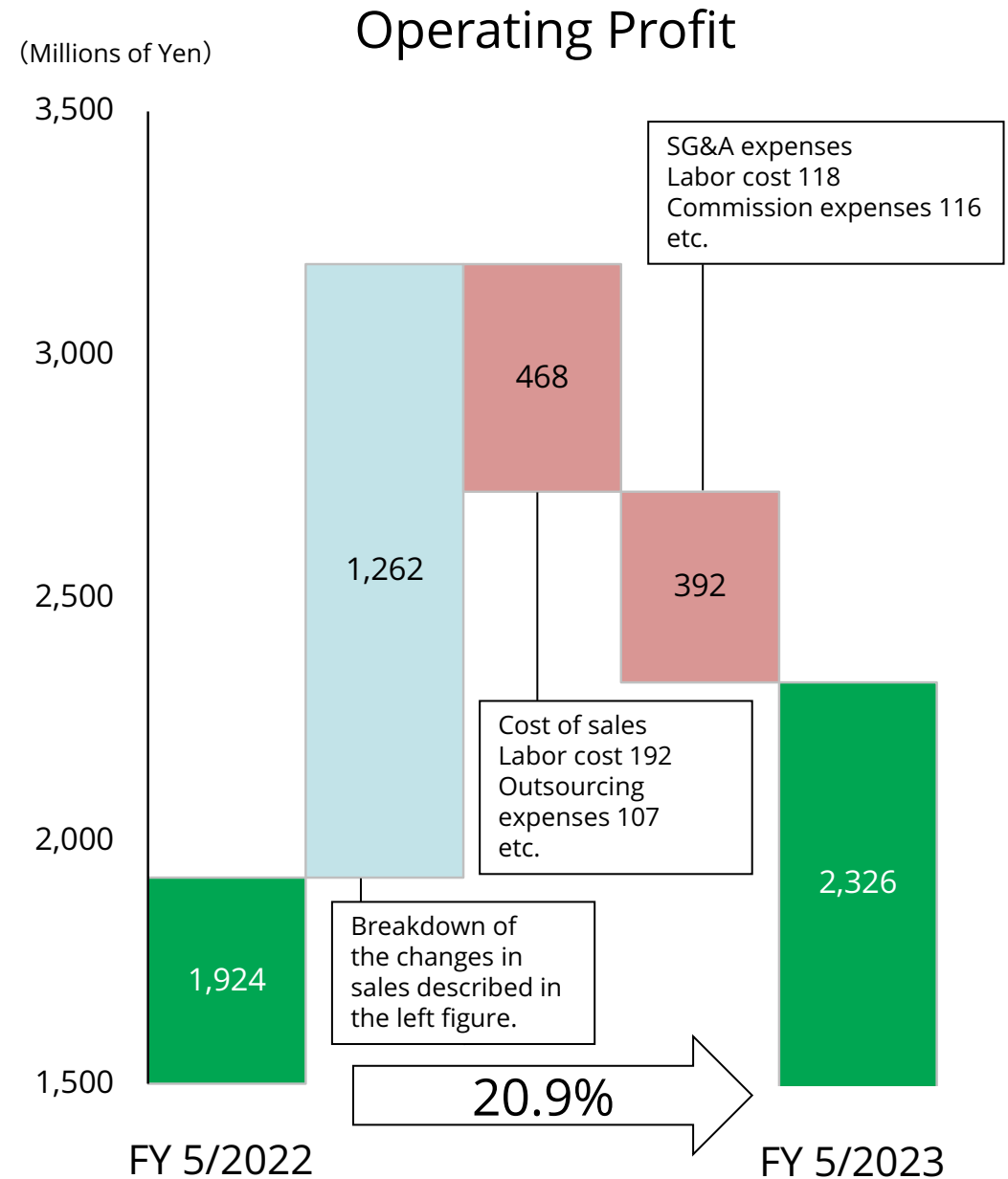
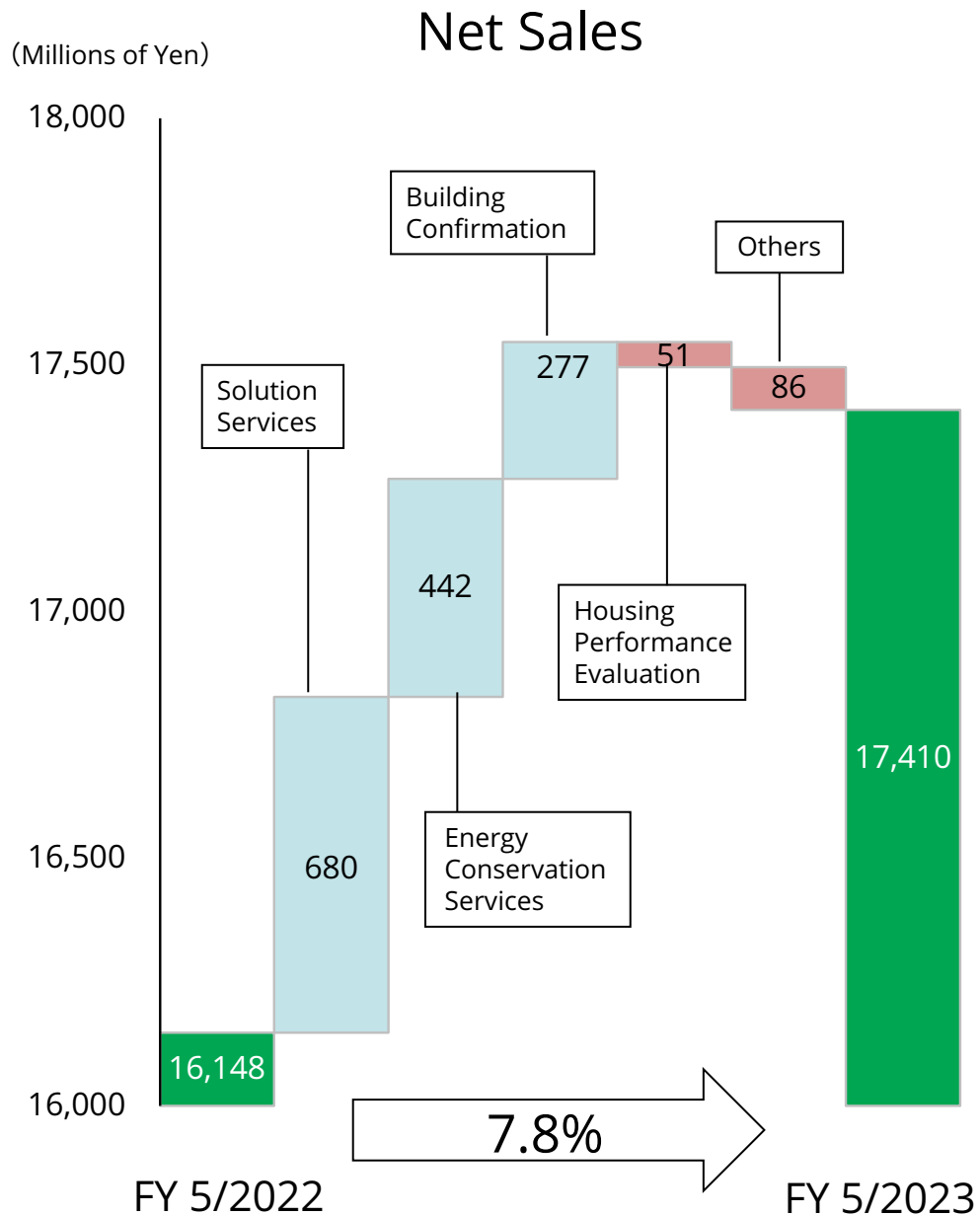
Renewed record high financial results of the last fiscal year

- Both core and supplemental business lines have been successfully expanding and annual revenue and profit increased.
- Only the segment sales of Housing Performance Evaluation (HPE) and its related services decreased due to an expire of Green Housing Point subsidy, however, all other segments' sales increased.
- All segments' profit increased.
- In Solution Services segment, revenue and profit increased largely due to growing construction consultant service by M&As.
- In Others, energy saving related services such as BELS, etc. successfully expanding and revenue and profit increased.
- Human resource and capacity have been enhancing in preparation for the large regulation reform effective in 2025.

Consolidated financial results

(Millions of yen)	Previous fiscal year (Jun. 2021– May. 2022)	Reporting fiscal year (Jun. 2022– May. 2023)	Change	
			Amounts	Ratio
Net Sales	16,148	17,410	1,262	7.8%
Operating Profit	1,924	2,326	401	20.9%
Operating Profit Ratio	11.9%	13.4%	-	-
Ordinary Profit	1,986	2,340	353	17.8%
Ordinary Profit Ratio	12.3%	13.4%	-	-
Profit Attributable to Owners of Parent	1,228	1,533	305	24.9%
Profit per Share (Yen)	156.83	197.80	40.97	26.1%

Change in net sales and operating profit

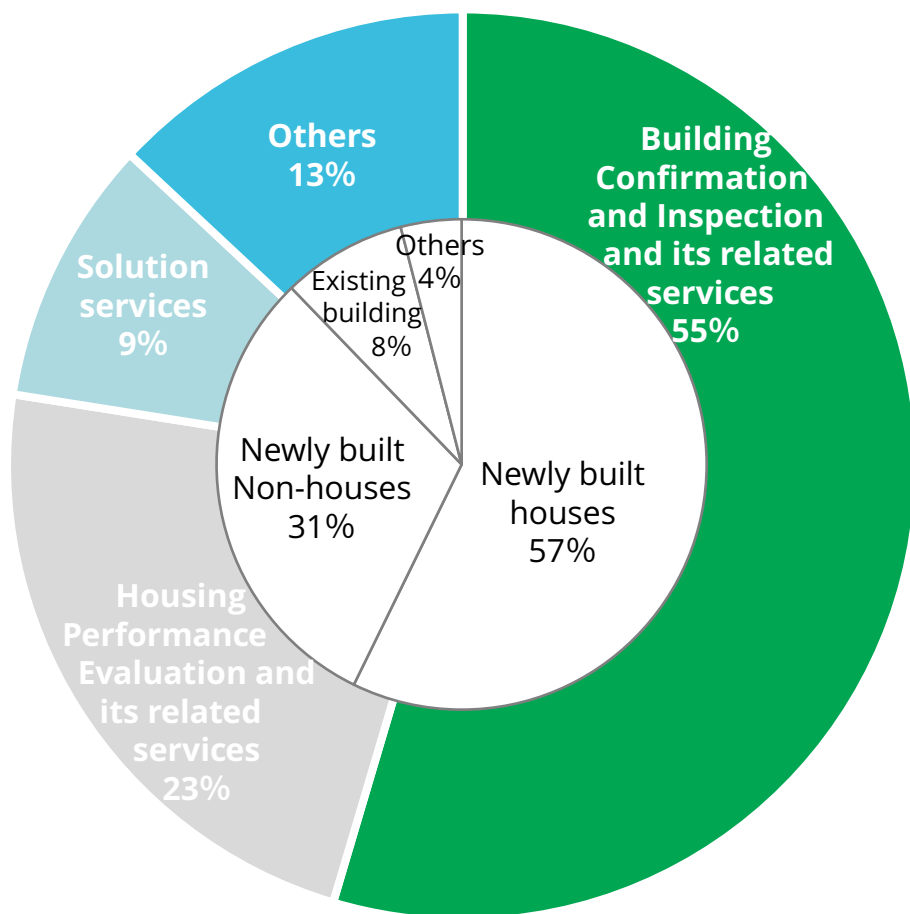


Consolidated financial results by segment

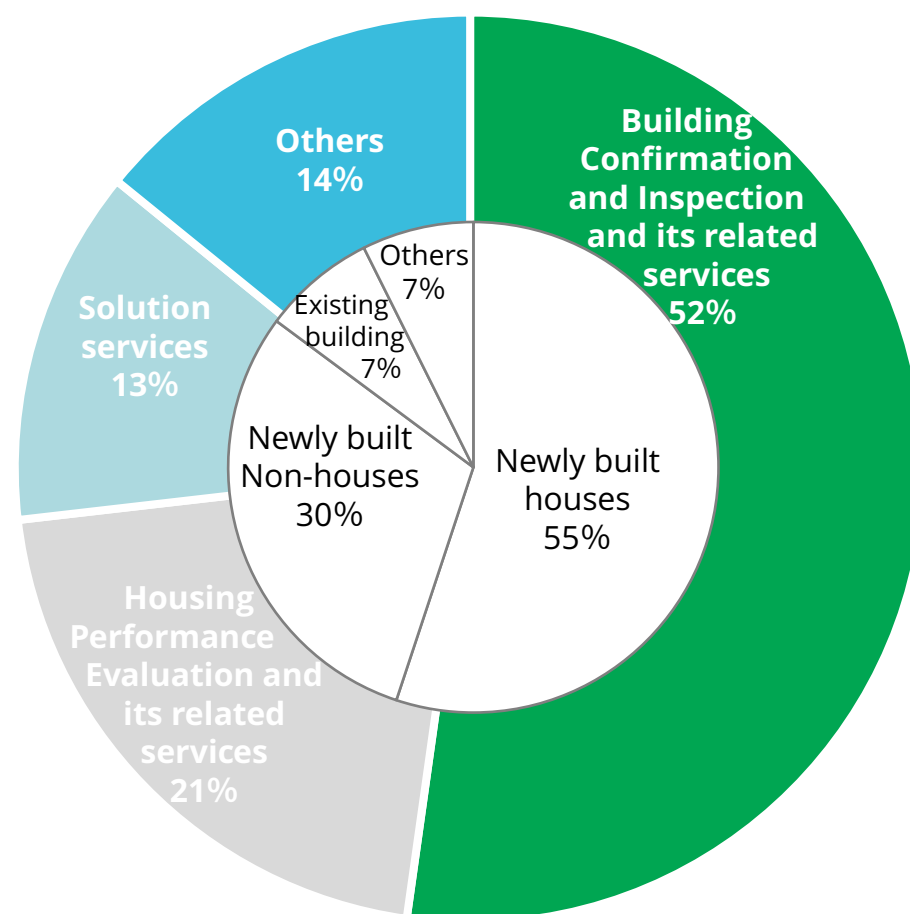
(Millions of yen)	Previous fiscal year (Jun. 2021 – May. 2022)	Reporting fiscal year (Jun. 2022– May. 2023)	Change		Segment Profit	Change
			Amounts	Ratio		
Building Confirmation and Inspection and its related services	8,815 [54.6%]	9,093 [52.2%]	277	3.2%	1,170	81
Housing Performance Evaluation and its related services	3,698 [22.9%]	3,647 [20.9%]	▲51	▲1.4%	438	50
Solution Services	1,527 [9.5%]	2,208 [12.7%]	680	44.5%	304	155
Others	2,106 [13.0%]	2,462 [14.1%]	355	16.9%	477	114
Net Sales Total	16,148 [100.0%]	17,410 [100.0%]	1,262	7.8%	2,391	401

Sales breakdown | Consolidated

FY 5/2022

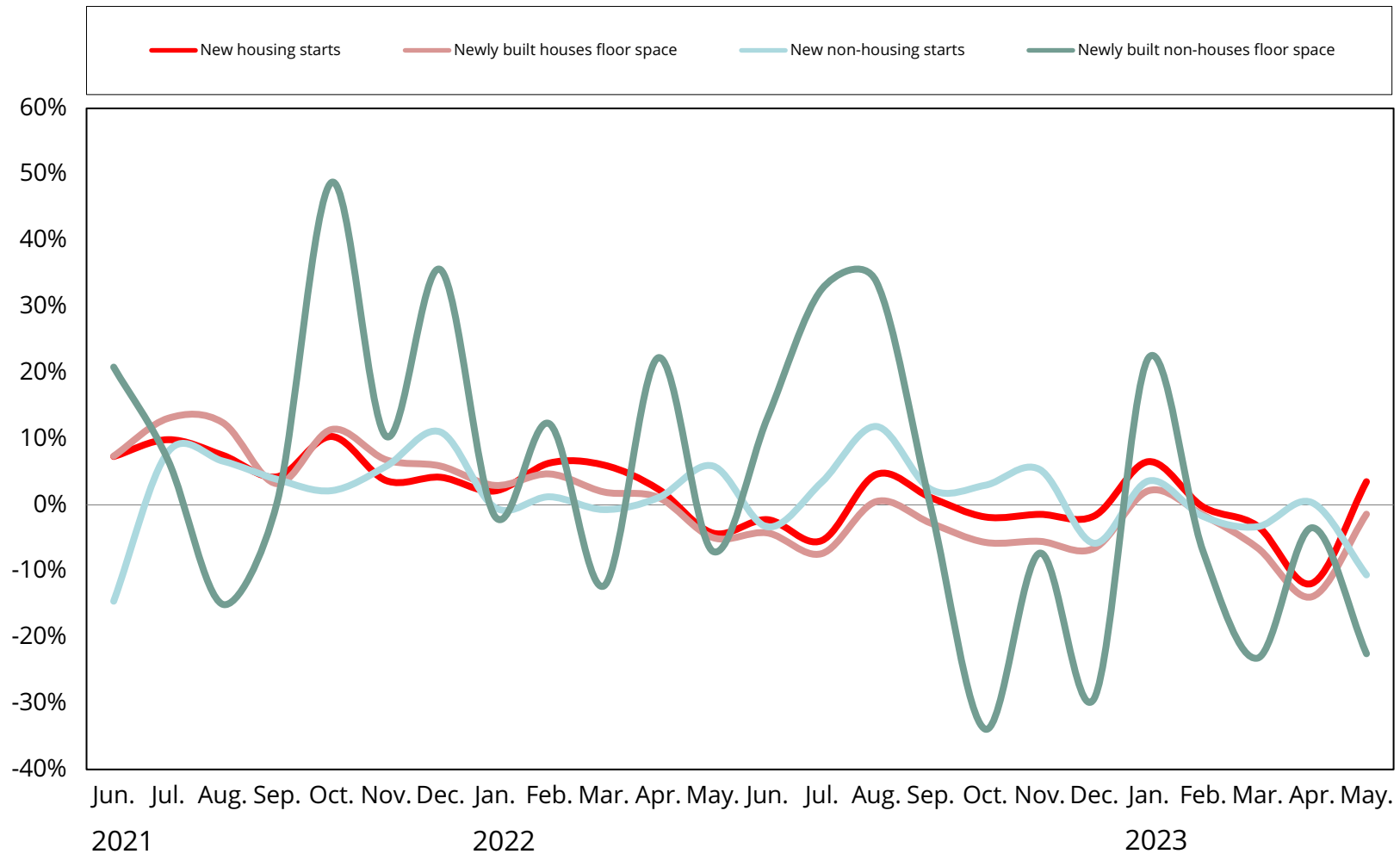


FY 5/2023



※ 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”.

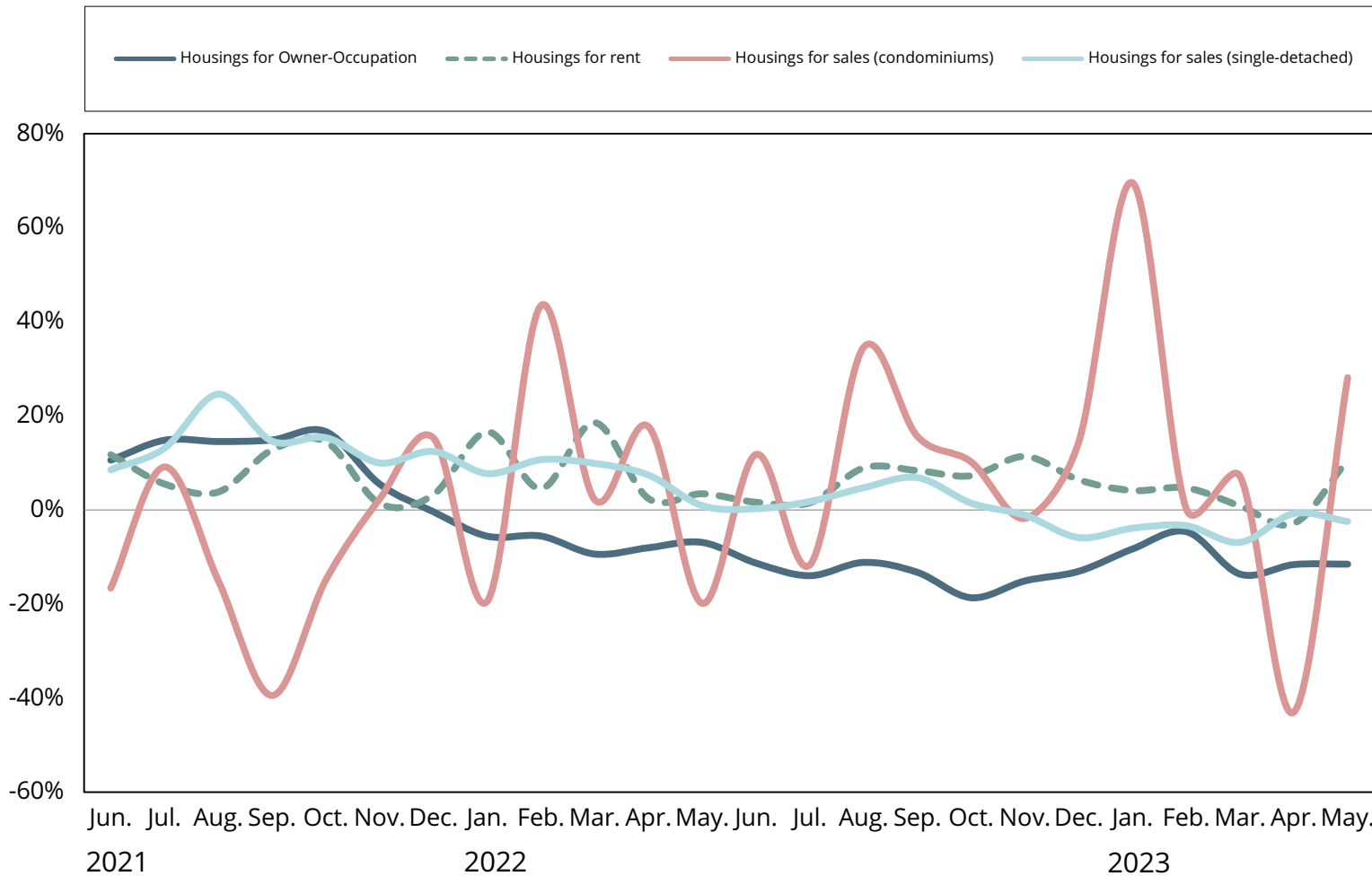
Changes in Housing/Non-housing starts (year-on-year rate)



Market trend

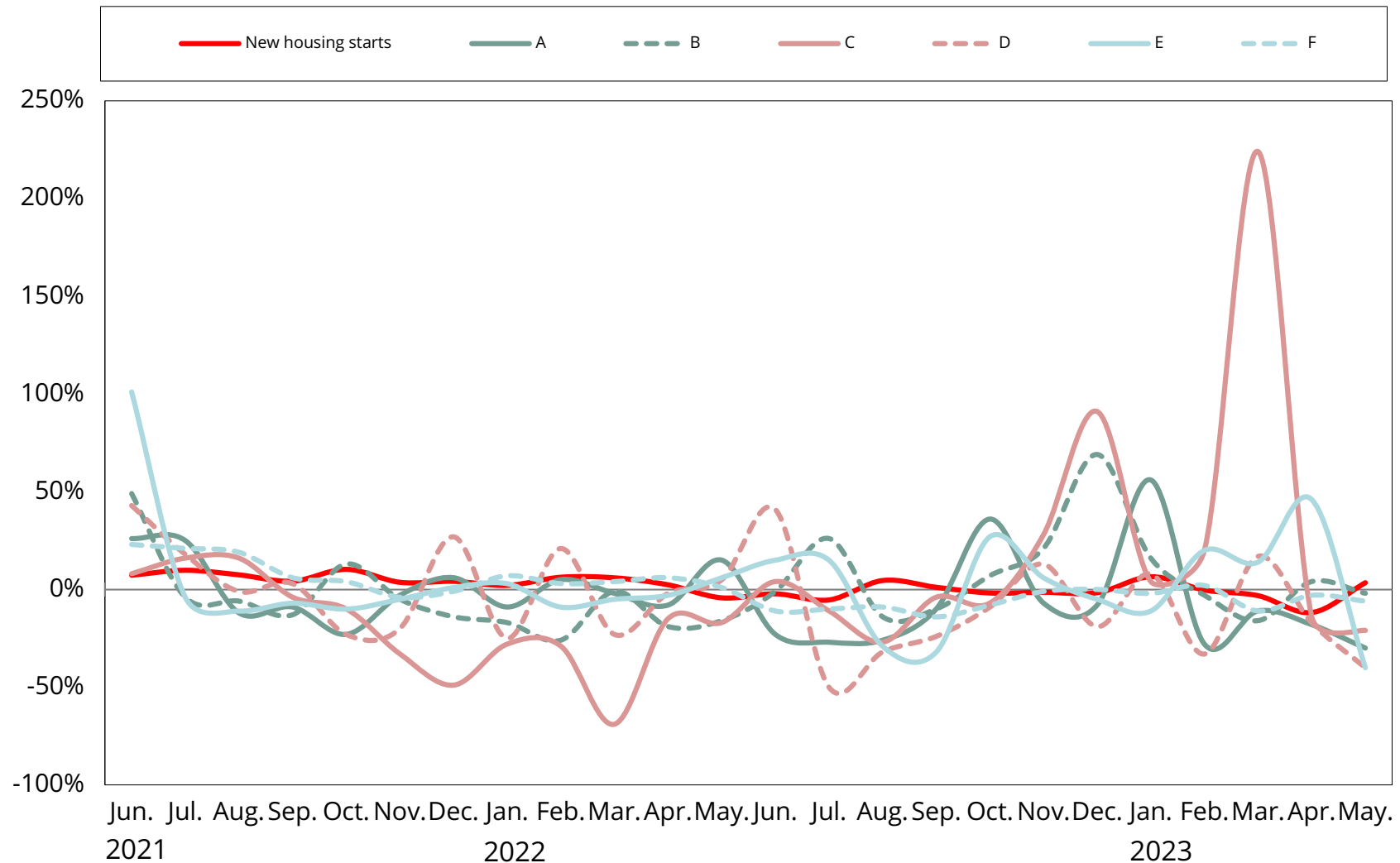
Changes in new housing starts by categories of housing (year-on-year rate)

Changes in the cumulative total (from June 2022 to May 2023)



New housing starts	▲ 1.2%
Housings for Owner-Occupation	▲ 12.5%
Housings for rent	5.1%
Housings for sales (condo-miniums)	7.6%
Housings for sales (single-detached)	▲ 0.8%

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 (June 2022 ~ May 2023)

Housing sector

	Detached Houses	Terrace Houses	Collective Houses	Total
New Housing Starts (Unit)	392,224	72,891	389,006	854,121
Year-on-Year	▲8.3%	3.4%	6.1%	▲1.2%
Proportion	45.9%	8.5%	45.5%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	43,405	3,801	20,515	67,721
Year-on-Year	▲9.8%	2.9%	7.2%	▲4.5%
Proportion	64.1%	5.6%	30.3%	100.0%

Market trend

Stats of new construction starts in FY 5/2023 (June 2022 ~ May 2023)

Non-housing sector

	Offices	Stores	Factories	Warehouses	Medical and Welfare	Others (educational, lodging and etc.)	Total
New Housing Starts (Unit)	9,409	5,565	6,814	12,295	6,189	22,508	62,780
Year-on-Year	▲5.0%	▲0.1%	▲2.3%	▲1.3%	▲0.8%	5.3%	0.4%
Proportion	15.0%	8.9%	10.9%	19.6%	9.9%	35.9%	100.0%
Newly Built Floor Space of Construction Starts (Thousand sqm)	5,339	4,130	8,172	12,638	4,265	7,761	42,305
Year-on-Year	▲17.8%	0.4%	5.6%	▲7.2%	▲1.1%	▲3.0%	▲4.5%
Proportion	12.6%	9.8%	19.3%	29.9%	10.1%	18.3%	100.0%

Main operating figures | Consolidated

Segment	Business		Previous fiscal year (Jun. 2021 – May. 2022)		Reporting fiscal year (Jun. 2022 – May. 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		79,977	3,720	77,623	3,756	▲2,354	36
	Final Inspections		73,143	3,247	74,954	3,424	1,811	177
Housing Performance Evaluation and its related services	Housing Design Performance Evaluations	Detached Houses	34,603	1,055	35,684	1,162	1,081	106
		Collective Houses	24,643	286	29,914	375	5,271	89
	Housing Construction Performance Evaluations	Detached Houses	27,674	1,560	27,640	1,482	▲34	▲77
		Collective Houses	18,158	285	23,333	383	5,175	97
	Technical Assessments for Long-life Quality Housings*		22,401	360	5,373	220	▲17,028	▲139

* "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.

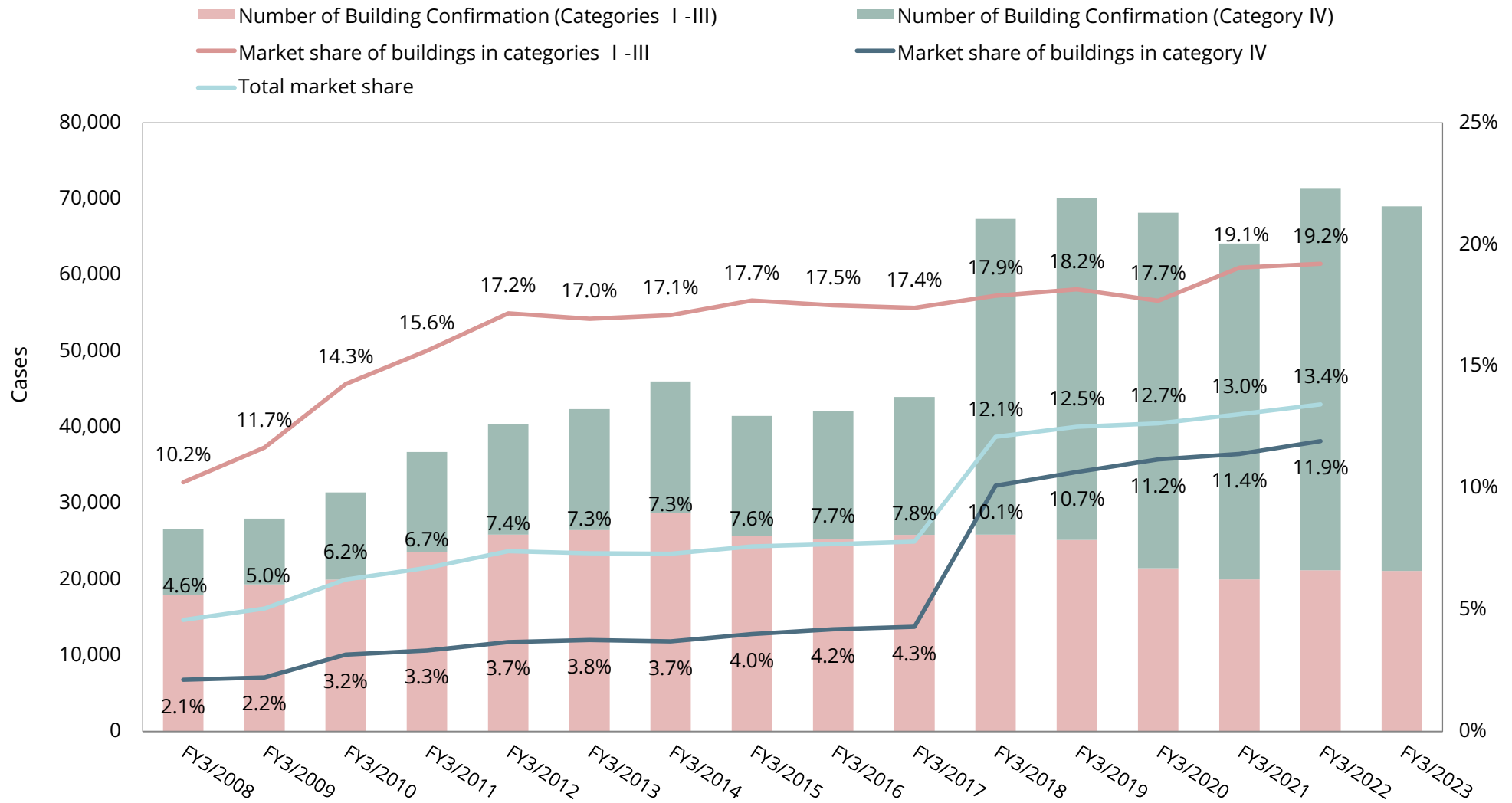
Main operating figures | Consolidated

Segment	Business		Previous fiscal year (Jun. 2021 – May. 2022)		Previous fiscal year (Jun. 2022 – May. 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)		4,965 (3,115)	587	6,004 (4,090)	673	1,039 (975)	86
	BELS Certifications	Housings*1	11,215	248	49,112	590	37,897	342
		Non-housings	343	74	373	80	30	6
	Inspections for Housing Defect Liability Insurance*2		33,581	374	26,812	337	▲6,769	▲36

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

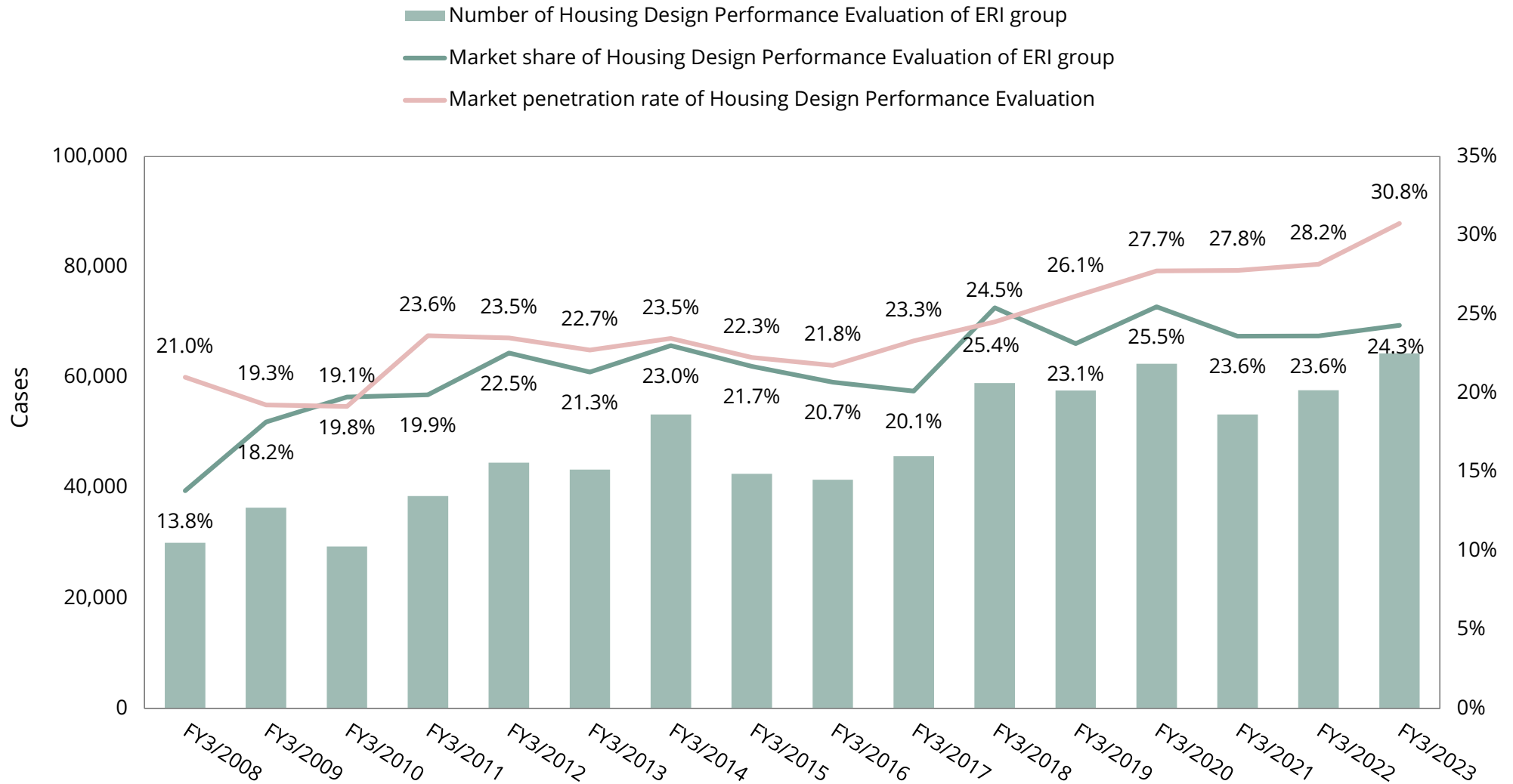
*2 Counting rules of "Inspections for Housing Defect Liability Insurance" are as follows. 1) Include Defect Insurance but exclude inspection for insurance firm and Housing Performance Certification, 2) Include insurance brokerage, and 3) Include the data of all housing defect liability insurance companies.

Building Confirmation service landscape



- * Jyutaku Seinou Hyouka Center Co., Ltd. consolidated in Nov. 2017 is fully included from FY 3/2018 data.
- * Sakoken Co., Ltd. Consolidated in Sep. 2020 is fully included from FY 3/2021 data.
- * FY 3/2023 national data has not been published by MLIT yet and our share is unknown.

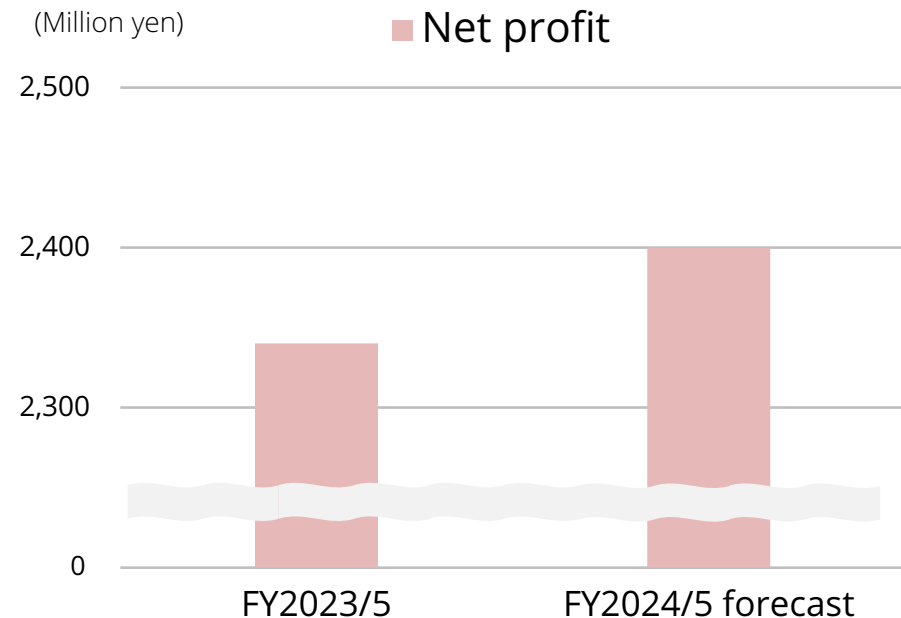
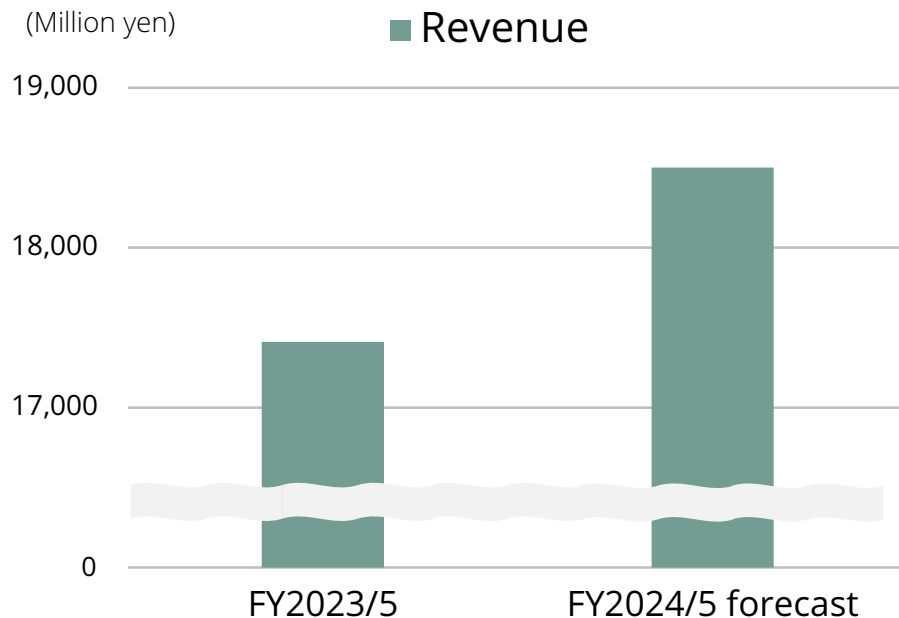
Housing Performance Evaluation service landscape



- * Jyutaku Seinou Hyouka Center Co., Ltd. consolidated in Nov. 2017 is fully included from FY 3/2018 data.
- * Sakoken Co., Ltd. Consolidated in Sep. 2020 is fully included from FY 3/2021 data.
- * Market penetration ratio refers to MLIT publication data.

Summary of the forecasts

- We expect sales growth largely due to solution services expansion by M&As effect and energy saving related services expansion by tightening regulations.
- On the other hand, we anticipate further cost-up due to rising personnel expenditure by an inflation, and we plan advance investment of human resource against significant workload increase anticipated by coming crucial regulation reforms in 2025.
- All in all, however, we plan further increase of revenue and profit.
- Dividend forecast is ¥60 per share, as same as the last fiscal year.



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%

Revising up medium-term management plan

	Target (initial)	Target (revised)
Sales	20 billion yen (incl. 2~3 bn. yen M&A contribution)	20.5 billion yen (incl. 2~3 bn. yen M&A contribution)
Operating income	2.3 billion yen	2.5 billion yen
Operating margin	11.5%	12.1%
ROE	20~30%	20~30%
Dividend	Stable distribution (DPR 30%)	Stable distribution (DPR 30%)

Topics Roadmap of Energy Saving Policy

Final step toward full enforcement of the energy standard



* Japan Housing Finance Agency

* Mortgage tax relief

MTR enforce compliance with energy saving standard

Deductible ratio 0.7%	2022	2023	2024	2025
Long-life quality housing Low-carbon housing	¥50 mil.		¥45 mil.	
Others Net Zero Energy House	¥45 mil.		¥35 mil.	
Energy saving standard eligible	¥40 mil.		¥30 mil.	
Others	¥30 mil.		N/A	

Energy performance labeling system of new-housing/building for sale/lease

New labeling design (NYD)



Source : MLIT, "Energy saving labeling system meeting for sale/lease property committee."

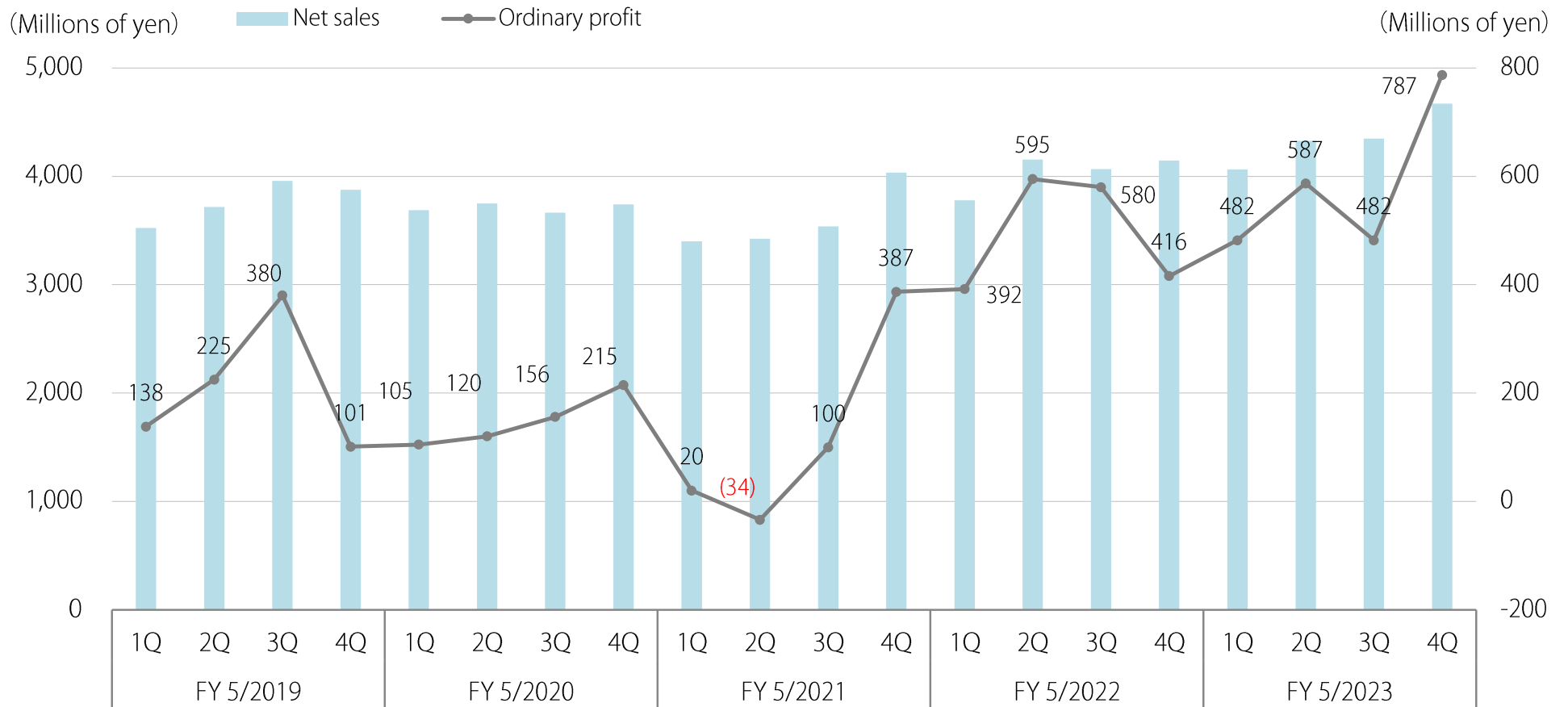
Consolidated financial statements | Assets

(Millions of yen)	Previous fiscal year (Jun. 2021 – May 2022)	Reporting fiscal year (Jun. 2022 – May 2023)	Change
Total assets	8,574	10,860	2,286
Total current assets	6,484	8,326	1,842
Cash and deposits	4,910	6,408	1,498
Accounts receivable – trade and contract assets	1,061	1,344	282
Work in process	248	259	11
Total non-current assets	2,090	2,534	443
Property, plant and equipment	479	770	290
Total intangible assets	654	642	▲12
Goodwill	357	368	11
Total investments and other assets	956	1,121	165

Consolidated financial statements | Liabilities

(Millions of yen)	Previous fiscal year (Jun. 2021 – May 2022)	Reporting fiscal year (Jun. 2022 – May 2023)	Change
Total liabilities	4,549	5,782	1,232
Total current liabilities	3,354	3,352	▲2
Accrued expenses	1,153	977	▲176
Contract liabilities	810	1,035	225
Total non-current liabilities	1,194	2,429	1,234
Total net assets	4,024	5,078	1,053
Total shareholders' equity	3,983	5,035	1,052
Retained earnings	2,948	4,129	1,180
Total liabilities and net assets	8,574	10,860	2,286

Changes of quarterly results | Consolidated



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