

Note: Please note that this document is a Japanese-English translation of the summary of the official announcement in Japanese "Kessan Tanshin" for reference purposes only.

Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2021 [Based on Japanese GAAP]

November 12, 2021

Company name:	Open House Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange, First section
Code Number:	3288
URL:	https://openhouse-group.co.jp/ir
Representative:	Masaaki Arai, President and CEO
Scheduled date of annual general meeting of shareholders :	December 22, 2021
Scheduled date of dividends:	December 23, 2021
Scheduled date of annual securities report filing:	December 23, 2021
Supplementary materials for financial results:	Yes
Results briefing meeting :	Yes (for institutional investors and analysts, in Japanese)

(Million yen, rounded down)

1. Consolidated Financial Results for the fiscal year ended September 30, 2021

(October 1, 2020 to September 30, 2021)

(1) Consolidated operating results

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2021	810,540	40.7	101,103	62.7	97,590	26.2	69,582	17.0
FY 2020	575,951	6.6	62,129	7.5	77,357	40.8	59,491	51.0

(Note) Comprehensive income: FY 2021 ¥ 74,483 million (26.6%) FY2020 ¥ 58,812 million (52.6%)

	EPS	Diluted EPS	ROE	ROA	Operating income Margin
	Yen	Yen	%	%	%
FY 2021	552.40	550.41	26.4	13.5	12.5
FY 2020	525.36	522.37	32.1	15.2	10.8

(Reference) Equity in earnings of affiliates: FY 2021 ¥ 1,395 million FY2020 ¥ 17,786 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2021	879,913	347,143	33.4	2,329.72
September 30, 2020	569,038	233,695	41.0	1,855.66

(Reference) Shareholders' equity: As of September 30, 2021: ¥ 293,809 million

As of September 30, 2020: ¥ 233,477 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at FY end
	Million yen	Million yen	Million yen	Million yen
FY 2021	50,123	23,541	40,588	334,506
FY 2020	48,793	(24,054)	59,430	219,218

2. Dividends

	Annual dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2020	—	40.00	—	40.00	80.00	9,459	15.2	5.2
FY 2021	—	50.00	—	62.00	112.00	14,116	20.3	5.4
FY 2022(Forecast)	—	62.00	—	62.00	124.00		21.7	

3. Forecast of Consolidated Operating Results for FY2022 (October 1, 2021 to September 30, 2022)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (Cumulative)	446,700	22.7	56,900	36.7	55,800	37.1	35,900	9.6	284.66
Full year	920,000	13.5	112,000	10.8	108,900	11.6	72,000	3.5	570.91

*Notes:

(1) Significant changes in consolidated subsidiaries during the period

(Changes in specific subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 (Pressance Corporation Co., Ltd.)

(2) Changes in accounting policies, changes of accounting estimates, and revisions and restatements

i) Changes in accounting policies in accordance with changes in accounting principles: None

ii) Changes in accounting policies other than the above: Yes

iii) Changes in accounting estimates: None

iv) Revisions and restatements: None

(3) Number of shares issued and outstanding (common stock)

i) Number of shares issued at period-end (including treasury shares)

September 30, 2021: 126,117,000 shares September 30, 2020: 125,819,100 shares

ii) Treasury shares at period-end

September 30, 2021: 3,441 shares September 30, 2020: 41 shares

iii) Average number of shares issued

September 30, 2021: 125,963,671 shares September 30, 2020: 113,240,260 shares

[Reference] Non-Consolidated Financial Results for the fiscal year ended September 30, 2021

(October 1, 2020 to September 30, 2021)

(1) Non-Consolidated Operating Results

(% figures indicate year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2021	17,835	37.6	2,699	—	35,579	39.6	35,088	37.4
FY 2020	12,960	4.6	227	(73.4)	25,495	64.0	25,539	61.0

	EPS		Diluted EPS	
	Yen		Yen	
FY 2021	278.56		277.56	
FY 2020	225.54		224.25	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
September 30, 2021	233,936		120,879		51.6		957.61	
September 30, 2020	157,755		96,835		61.2		767.91	

(Reference) Shareholders' equity: As of September 30, 2021: ¥ 120,767 million

As of September 30, 2020: ¥ 96,617 million

**This summary of financial statements is exempt from audit procedures required by Financial Instruments and Exchange Act.*

** Notes regarding forward-looking statements:*

Consolidated business forecasts are based on assumptions from information available to management at the time of disclosure and those deemed to be reasonable.

Actual results may differ significantly from forecast due to various unpredictable reasons.

Consolidated Financial Statements
1) Consolidated Balance Sheets

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	219,227	337,731
Trade accounts receivable	620	1,929
Real estate for sale	64,372	90,402
Real estate for sale in process	172,914	337,726
Operating loans	37,463	36,878
Other	12,787	26,421
Allowance for doubtful accounts	(262)	(362)
Total current assets	507,123	830,727
Fixed asset		
Tangible fixed assets		
Buildings and structures	4,430	5,815
Accumulated depreciation	*3 (1,578)	*3 (2,079)
Buildings and structures, net	2,851	3,735
Real estate for rent	—	15,479
Accumulated depreciation	—	*3 (1,025)
Real estate for rent, net	—	14,454
Land	1,778	2,418
Other	1,258	1,913
Accumulated depreciation	*3 (877)	*3 (1,223)
Other, net	381	689
Total tangible fixed assets	5,010	21,197
Intangible fixed assets	3,080	3,031
Investments and other assets		
Investment securities	*1 47,255	*1 13,171
Deferred tax assets	3,032	6,272
Other	3,529	5,430
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	53,798	24,856
Total fixed assets	61,890	49,185
Deferred assets		
Bond issuance cost	24	—
Total deferred assets	24	—
Total assets	569,038	879,913

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Liabilities		
Current liabilities		
Notes payable-trade	4,831	1,166
Trade accounts payable	17,525	20,850
Electronically recorded obligations	—	4,713
Short-term loans payable	*4 103,930	*4 104,684
Current portion of bonds	242	242
Current portion of long-term loans payable	*5 8,912	*5 57,142
Income taxes payable	10,831	18,239
Advances received	15,531	26,953
Guarantee deposits received	1,248	1,768
Provision for bonuses	2,773	3,655
Provision for warranties for completed construction	998	1,039
Other	9,889	15,781
Total current liabilities	176,713	256,237
Long-term liabilities		
Bonds payable	847	10,605
Long-term loans payable	*5,*4 157,347	*5,*4 264,502
Deferred tax liabilities	—	121
Provision for share awards	—	257
Net defined benefit liability	328	311
Asset retirement obligations	105	150
Other	—	583
Total long-term liabilities	158,628	276,532
Total liabilities	335,342	532,769
Net assets		
Shareholders' equity		
Share capital	19,741	19,939
Capital surplus	28,877	29,068
Retained earnings	186,047	244,248
Treasury shares	(0)	(0)
Total shareholders' equity	234,666	293,256
Other comprehensive income		
Net unrealized holding gains/losses on securities	7	12
Foreign currency translation adjustment	(1,195)	540
Accumulated other comprehensive income	(1,188)	552
Share acquisition rights	217	551
Non-controlling interests	—	52,782
Total net assets	233,695	347,143
Total liabilities and net assets	569,038	879,913

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Million yen)

	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Revenue	575,951	810,540
Cost of revenue	*2 481,638	*2 655,224
Gross profit	94,312	155,315
Selling, general and administrative expenses	*1 32,183	*1 54,211
Operating income	62,129	101,103
Non-operating income		
Interest income	70	17
Dividends income	1	13
House rent income	148	149
Gain on sales of investment securities	109	—
Foreign exchange gains	—	437
Share of profit of entities accounted for using equity method	17,786	1,395
Other	240	458
Total non-operating income	18,356	2,473
Non-operating expenses		
Loss on valuation of investment securities	—	1,362
Interest expenses	2,298	3,118
Commission fee	224	869
Share issuance cost	327	—
Other	278	635
Total non-operating expenses	3,128	5,986
Ordinary income	77,357	97,590
Extraordinary income		
Gain on bargain purchase	—	15,475
Total extraordinary income	—	15,475
Extraordinary losses		
Loss on step acquisitions	—	11,095
Total extraordinary losses	—	11,095
Income before income taxes	77,357	101,970
Income taxes-current	18,421	29,843
Income taxes-deferred	(555)	(611)
Total income taxes	17,865	29,232
Net income	59,491	72,738
Profit attributable to non-controlling interests	—	3,156
Profit attributable to owners of parent	59,491	69,582

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Net income	59,491	72,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	9
Foreign currency translation adjustment	(663)	1,731
Share of other comprehensive income of entities accounted for using equity method	(13)	3
Total other comprehensive income	(679)	1,744
Comprehensive income	58,812	74,483
(Profit attributable to)		
Comprehensive income attributable to shareholders' of the parent	58,812	71,329
Comprehensive income attributable to non-controlling interests	—	3,153

3) Consolidated Statement of Changes in Equity

FY2020 (From October 1, 2019 to September 30, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,234	8,206	134,629	(8,806)	138,263
Changes in items during period					
Issuance of new shares	15,329	15,329			30,658
Issuance of new shares (Exercise of share acquisition rights)	137	137			275
Issuance of new shares (Issuance of restricted shares)	40	40			80
Dividends of surplus			(8,074)		(8,074)
Profit attributable to owners of parent			59,491		59,491
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		5,164		8,806	13,970
Net changes of items other than shareholders' equity					
Total changes in items during period	15,507	20,671	51,417	8,806	96,402
Balance at end of period	19,741	28,877	186,047	(0)	234,666

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	8	(517)	(508)	312	138,067
Changes in items during period					
Issuance of new shares					30,658
Issuance of new shares (Exercise of share acquisition rights)					275
Issuance of new shares (Issuance of restricted shares)					80
Dividends of surplus					(8,074)
Profit attributable to owners of parent					59,491
Purchase of treasury shares					(0)
Disposal of treasury shares					13,970
Net changes of items other than shareholders' equity	(0)	(678)	(679)	(94)	(773)
Total changes in items during period	(0)	(678)	(679)	(94)	95,628
Balance at end of period	7	(1,195)	(1,188)	217	233,695

FY2021 (From October 1, 2020 to September 30, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,741	28,877	186,047	(0)	234,666
Changes in items during period					
Issuance of new shares (Exercise of share acquisition rights)	151	151			302
Issuance of new shares (Issuance of restricted shares)	46	46			93
Dividends of surplus			(11,330)		(11,330)
Profit attributable to owners of parent			69,582		69,582
Change in scope of consolidation			(50)		(50)
Capital increase of consolidated subsidiaries		(7)			(7)
Net changes of items other than shareholders' equity					
Total changes in items during period	197	190	58,201	—	58,590
Balance at end of period	19,939	29,068	244,248	(0)	293,256

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	7	(1,195)	(1,188)	217	—	233,695
Changes in items during period						
Issuance of new shares (Exercise of share acquisition rights)						302
Issuance of new shares (Issuance of restricted shares)						93
Dividends of surplus						(11,330)
Profit attributable to owners of parent						69,582
Change in scope of consolidation						(50)
Capital increase of consolidated subsidiaries						(7)
Net changes of items other than shareholders' equity	4	1,736	1,741	333	52,782	54,857
Total changes in items during period	4	1,736	1,741	333	52,782	113,447
Balance at end of period	12	540	552	551	52,782	347,143

4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Cash flows from operating activities		
Income before income taxes	77,357	101,970
Depreciation and amortization	534	953
Share-based compensation expenses	66	223
Increase (Decrease) in provision for bonuses	368	745
Increase (decrease) in provision for share awards	—	47
Increase (Decrease) in allowance for doubtful accounts	25	7
Increase (Decrease) in provision for warranties for completed construction	66	41
Increase (Decrease) in net defined benefit liability	1	(16)
Loss (gain) on sales of investment securities	(109)	—
Loss (gain) on valuation of investment securities	—	1,362
Share of (profit) loss of entities accounted for using equity method	(17,786)	(1,395)
Loss (gain) on step acquisitions	—	11,095
Gain on bargain purchase	—	(15,475)
Interest and dividends income	(72)	(31)
Foreign exchange loss (gain)	18	(213)
Interest expense	2,298	3,118
Amortization of bond issuance cost	6	24
Share issuance cost	327	—
Decrease (increase) in trade receivables	(264)	(826)
Decrease (Increase) in inventories	12,516	(24,945)
Increase (decrease) in trade payables	1,186	2,036
Decrease (Increase) in operating loans	(8,539)	585
Increase (Decrease) in advances received	1,508	5,682
Increase (Decrease) in guarantee deposits received	6	284
Increase (Decrease) in deposits received	2,200	(321)
Other	(156)	(947)
Subtotal	71,561	84,007
Interest and dividend income received	70	26
Interest expenses paid	(2,244)	(3,090)
Income taxes paid	(20,593)	(30,819)
Net cash provided by (used in) operating activities	48,793	50,123
Cash flows from investing activities		
Payments into time deposits	(1,310)	(125)
Proceeds from withdrawal of time deposits	1,310	—
Purchase of tangible fixed assets	(617)	(1,786)
Proceeds from sales of tangible fixed assets	1	94
Purchase of intangible fixed assets	(138)	(381)
Purchase of investment securities	(2,010)	(7,644)
Proceeds from sales and redemption of investment securities	2,544	54
Purchase of shares of subsidiaries and associates	(22,973)	(403)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	35,256
Payments of leasehold and guarantee deposits	(582)	(1,688)
Proceeds from collection of lease and guarantee deposits	162	254
Other	(440)	(87)
Net cash provided by (used in) investing activities	(24,054)	23,541

(Millions of yen)

	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Cash flows from financing activities		
Proceeds from short-term loans payable	295,859	275,146
Decrease in short-term loans payable	(281,860)	(280,633)
Proceeds from long-term loans payable	134,341	171,704
Repayment of long-term loans payable	(125,029)	(123,820)
Proceeds from issuance of bonds	—	9,957
Redemption of bonds	(372)	(242)
Proceeds from issuance of shares	30,420	—
Proceeds from exercise of employee share options	175	193
Purchase of treasury shares	(0)	—
Proceeds from sales of treasury shares	13,970	—
Dividends paid	(8,074)	(11,330)
Dividends paid to non-controlling interests	—	(338)
Net cash provided by (used in) financing activities	59,430	40,588
Effect of exchange rate changes on cash and cash equivalents	(296)	809
Net increase (decrease) in cash and cash equivalents	83,872	115,063
Cash and cash equivalents at beginning of period	135,345	219,218
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	224
Cash and cash equivalents at end of period	* 219,218	* 334,506

(Notes to Consolidated Balance Sheets)

*1 The following items are related to unconsolidated subsidiaries and affiliates.

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Other in Investments and other assets	41,061	438
Investment securities (Stocks)		
Other in Investments and other assets (Investments in capital)	5,151	11,631

2 Guarantee obligations

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Debt guarantees for our customers' housing loans from financial institutions (until they have completed registration of establishment of mortgage)	1,405	2,255
Guarantees of borrowings from financial institutions by subsidiaries and affiliates	—	389
TOTAL	1,405	2,644

*3 The accumulated amount of impairment loss is included in the amount of accumulated depreciation.

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Accumulated impairment loss	78	84

*4 The Company and 4 consolidated subsidiaries (Open House Development Co., Ltd. and IB Net Co., Ltd., Open House Architect Co., Ltd., Hawk One Corporation) have current account overdraft and commitment line agreements, the balance of unexecuted loans as of the end of the fiscal year under review, based on these agreements, is as follows.

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Total loan commitment	170,880	141,700
Outstanding loans	98,618	99,332
Balance of unexecuted loans	72,261	42,367

*5 Financial restraint clause

The Company and some of its consolidated subsidiaries concluded contracts for a syndicate loan payable and a term loan payable with financial institutions. The contract includes a financial restraint clause with criteria set by certain indicators that are computed based on the consolidated balance sheet, income statements, etc.

(Notes to Consolidated Statements of Income)

*1 Selling, general and administrative expenses account includes the following major items and amounts

	(Million yen)	
	FY2020	FY2021
	(From October 1, 2019 to September 30, 2020)	(From October 1, 2020 to September 30, 2021)
Directors' compensations	837	1,336
Salaries	5,951	9,984
Provision for bonuses	946	1,457
Provision of allowance for doubtful accounts	30	—
Provision for share-based remuneration	—	47
Retirement benefit expenses	118	176
Advertising expenses	2,308	3,431
Rent expenses on land and buildings	3,620	4,924
Taxes and dues	4,170	7,012
Sales commission	4,265	5,517
Commission expenses	1,678	7,163

*2 The balance of inventories as of the end of the period is the amount after the carrying value is been written down, and the following appraisal losses are included in the cost of revenue.

	(Million yen)	
	FY2020	FY2021
	(From October 1, 2019 to September 30, 2020)	(From October 1, 2020 to September 30, 2021)
	1,532	6,440

(Notes to Consolidated Statements of Cash Flows)

* Reconciliation of balance of "cash and cash equivalents at the end of period" and the amounts of items stated in the consolidated balance sheet is as follows

	(Million yen)	
	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Cash and deposits	219,227	337,731
Time deposits of over three months	—	(3,215)
Restricted deposit	(9)	(9)
Cash and cash equivalents	219,218	334,506

(Segment Information)

1. Outline of reportable segments

The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and evaluate their performance.

As Pressance Corporation Co., Ltd. and its subsidiaries are included in the scope of consolidation from since the second quarter for fiscal 2021, the Group changed to five reportable segments: single-family related business, condominiums business, property resale business, others and Pressance Corporation as reportable segment.

2. Method for calculating revenue, income/loss, assets, liabilities, and other items for reportable segments

The accounting policies of reportable segments are generally the same as those described in "Basis of Presenting the Consolidated Financial Statements."

Segment income is based on operating income.

Intersegment revenue and transfers are based on market price.

3. Information on revenue, income or loss, and other items by reportable segment

FY2020 (From October 1, 2019 to September 30, 2020)

(Million yen)

	Reportable Segment						Adjustments (Note 1)	Amount Recorded on Consolidated Statements of Income (Note 2)
	Single- family homes related	Condominium	Property resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from Outside Customers	379,656	58,169	112,154	25,970	—	575,951	—	575,951
Intersegment revenue and transfers	—	—	53	56	—	110	(110)	—
Total	379,656	58,169	112,207	26,027	—	576,061	(110)	575,951
Segment Income	40,677	9,608	10,485	2,314	—	63,085	(956)	62,129
Other items								
Depreciation	433	30	10	15	—	489	44	534
Amortization of goodwill	402	—	—	—	—	402	—	402

(NOTE)

- Adjustment of ¥(956)million for segment income includes intersegment elimination of ¥687million and corporate expenses of ¥(1,644) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
- Segment income has been adjusted to operating income described in consolidated statements of income.

3. Segment assets are not listed as assets are not allocated to reportable segments.
4. Adjustment for depreciation and amortization refers to depreciation expenses related to corporate assets.

FY2021 (From October 1, 2020 to September 30, 2021)

(Million yen)

	Reportable Segment						Adjustments (Note 1)	Amount Recorded on Consolidated Statements of Income (Note 2)
	Single- family homes related	Condominium	Property resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from Outside Customers	446,959	46,676	122,718	44,848	149,337	810,540	–	810,540
Intersegment revenue and transfers	–	471	343	310	0	1,126	(1,126)	–
Total	446,959	47,147	123,061	45,159	149,337	811,666	(1,126)	810,540
Segment Income	62,294	6,507	12,285	5,232	16,502	102,822	(1,719)	101,103
Other items								
Depreciation	406	33	19	70	319	847	106	953
Amortization of goodwill	402	–	–	20	–	423	–	423

(NOTE)

1. Adjustment of ¥ (1,719) million for segment income includes intersegment elimination of ¥189 million and corporate expenses of ¥ (1,909) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
2. Segment income has been adjusted to operating income described in consolidated statements of income.
3. Segment assets are not listed as assets are not allocated to reportable segments.
4. Adjustment for depreciation and amortization refers to depreciation expenses related to corporate assets.

(Notes on Significant subsequent events)

(Transition to a holding company structure by company split)

The Board of Directors Meeting held on November 12, 2021 resolved to transfer the Single-Family Homes Related Business and other businesses, which the Company operates, to Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company (established on April 1, 2021; scheduled to change its corporate name to Open House Co., Ltd. on January 1, 2022), through a company split for the transition to a pure holding company, and the Company concluded an absorption-type company split agreement with the Successor Company same day.

After the absorption-type company split, the Company plans to amend its articles of incorporation and change its corporate name to Open House Group, Co., Ltd. on January 1, 2022 under conditional upon authorization with the approval of a majority of the voting rights of the shareholders present at the shareholders' meeting scheduled for December 22, 2021.

1. Purpose

The Company has decided to shift to a holding company structure in order to establish a management foundation that supports the further enhancement of corporate value and the achievement of sustainable growth with the following aims.

(1) Speeding up decision making in business promotion

Each operating company will be responsible for promoting existing businesses. The Company will move forward with the transfer of authority and establish a system that enables us to make speedy decisions in promoting businesses, thereby strengthening our competitiveness and expanding businesses in response to a rapidly changing environment.

(2) Strengthening the functions for managing the group

The holding company will focus on managing the group and operations related to listed shares. Besides internal audits, investor relations, management of performance and finances of the group companies, and creation of synergies, the Company will also promote implementation of capital policies required for growth and new business development needed for the group's growth, such as M&As.

(3) Building a forward-looking management system

The Group aims to maximize corporate value across the Group and achieve sustainable growth by establishing a forward-looking management system, in order to optimally allocate management resources, secure and develop managerial personnel, and improve group governance.

2. Summary of the Absorption-type Company Split

(1) Schedule of the Absorption-type Company Split

Board of directors' meeting to approve absorption-type company split agreement: November 12, 2021

Execution of the absorption-type company split agreement: November 12, 2021

Effective date of the absorption-type company split: January 1, 2022 (scheduled)

(2) Method of the Absorption-type Company Split

In the absorption-type company split, the Company will be the Splitting Company, and Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company, will be the Successor Company.

Because the absorption-type company split meets the requirements of a simplified corporate acquisition and separation, prescribed in Article 784, paragraph 2 of the Companies Act, for the Company and the requirements of an informal corporate acquisition and separation, prescribed in Article 796, paragraph 1 of the Companies Act for the Successor Company, both companies will carry it out without the approval for an absorption-type company split agreement, etc. of a resolution at a general meeting of shareholders.

(3) Allotment of shares

In the absorption-type company split, the Successor Company is a wholly-owned subsidiary of the Splitting Company, and therefore it will not deliver shares or any other monies, etc.

3. Main business of the divisions to be split

The Company's Single-Family Homes Related Business and other businesses, and businesses related to operational support by dispatching loaned employees to subsidiaries and investment destinations.

4. Outline of Accounting Disposition

It will be treated for accounting purposes as a Transaction under Common Control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21 revised 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 revised 2019)

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	72,288	92,665
Trade accounts receivable	1,147	1,709
Prepaid expense	273	379
Short-term loans receivable from subsidiaries and associates	13,557	23,210
Income taxes receivable	4,817	6,158
Other	1,650	2,060
Total current assets	93,735	126,184
Fixed asset		
Tangible fixed assets		
Buildings	1,347	1,407
Vehicles	11	66
Tools, furniture and fixtures	216	230
Other	—	78
Total tangible fixed assets	1,575	1,783
Intangible fixed assets		
Software	84	120
Other	2	1
Total intangible fixed assets	86	122
Investments and other assets		
Investment securities	548	597
Shares of subsidiaries and associates	59,120	101,633
Long-term prepaid expenses	50	64
Lease and guarantee deposits received	1,733	2,606
Other	32	28
Allowance for doubtful accounts	(4)	(1)
Deferred tax assets	852	917
Total investments and other assets	62,334	105,846
Total fixed assets	63,996	107,752
Deferred assets		
Bond issuance cost	24	—
Total deferred assets	24	—
Total assets	157,755	233,936

(Million yen)

	FY 2020 (as of September 30, 2020)	FY 2021 (as of September 30, 2021)
Liabilities		
Current liabilities		
Current portion of bonds	242	242
Current portion of long-term loans payable	2,757	7,565
Accounts payable	743	1,188
Accrued expenses	358	523
Advances received	901	1,071
Deposits received	203	136
Provision for bonuses	1,114	1,340
Other	7	645
Total current liabilities	6,328	12,714
Long-term liabilities		
Bonds payable	847	10,605
Long-term loans payable	53,745	89,737
Total long-term liabilities	54,592	100,342
Total liabilities	60,920	113,056
Net assets		
Shareholders' equity		
Share capital	19,741	19,939
Capital surplus		
Legal capital surplus	19,524	19,722
Other capital surplus	11,111	11,111
Total capital surplus	30,636	30,834
Retained earnings		
Legal retained earnings	35	35
Other retained earnings		
Retained earnings brought forward	46,196	69,954
Total retained earnings	46,232	69,990
Treasury shares	(0)	(0)
Total shareholders' equity	96,610	120,764
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6	2
Total valuation and translation adjustments	6	2
Share acquisition rights	217	112
Total net assets	96,835	120,879
Total liabilities and net assets	157,755	233,936

Non-Consolidated Statements of Income

(Million yen)

	FY2020 (From October 1, 2019 to September 30, 2020)	FY2021 (From October 1, 2020 to September 30, 2021)
Operating revenue	12,960	17,835
Operating cost	6,988	8,888
Gross operating profit	5,972	8,947
Selling, general and administrative expenses	5,745	6,248
Operating income	227	2,699
Non-operating income		
Interest income	196	314
Dividends income	25,500	33,983
Guarantee commission received	181	188
Other	714	307
Total non-operating income	26,593	34,793
Non-operating expenses		
Interest expenses	754	912
Loss on valuation of shares of subsidiaries and associates	—	271
Interest on bonds	6	23
Amortization of bond issuance cost	5	24
Share issuance costs	327	—
Guarantee commission	130	150
Commission expenses	5	361
Other	95	169
Total non-operating expenses	1,325	1,913
Ordinary income	25,495	35,579
Income before Income taxes	25,495	35,579
Income taxes-current	138	554
Income taxes-deferred	(182)	(63)
Total income Taxes	(44)	491
Net income	25,539	35,088

Non-Consolidated Statements of Changes in Equity

FY2020 (From October 1, 2019 to September 30, 2020)

(Million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	4,234	4,017	5,947	9,965	35	28,731	28,767	(8,806)	34,160
Changes in items during period									
Issuance of new shares	15,329	15,329		15,329					30,658
Issuance of new shares (Exercise of subscription rights to shares)	137	137		137					275
Issuance of new shares (Issuance of restricted shares)	40	40		40					80
Dividends of surplus						(8,074)	(8,074)		(8,074)
Net income						25,539	25,539		25,539
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			5,164	5,164				8,806	13,970
Net changes of items other than shareholders' equity									
Total changes during period	15,507	15,507	5,164	20,671	—	17,465	17,465	8,806	62,450
Balance at end of period	19,741	19,524	11,111	30,636	35	46,196	46,232	(0)	96,610

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	8	8	312	34,481
Changes in items during period				
Issuance of new shares				30,658
Issuance of new shares (Exercise of subscription rights to shares)				275
Issuance of new shares (Issuance of restricted shares)				80
Dividends of surplus				(8,074)
Net income				25,539
Purchase of treasury shares				(0)
Disposal of treasury shares				13,970
Net changes of items other than shareholders' equity	(1)	(1)	(94)	(96)
Total changes during period	(1)	(1)	(94)	62,353
Balance at end of period	6	6	217	96,835

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at beginning of period	19,741	19,524	11,111	30,636	35	46,196	46,232	(0)	96,610
Changes during period									
Issuance of new shares (Exercise of subscription rights to shares)	151	151		151					302
Issuance of new shares (Issuance of restricted shares)	46	46		46					93
Dividends of surplus						(11,330)	(11,330)		(11,330)
Net income						35,088	35,088		35,088
Net changes of items other than shareholders' equity									
Total changes during period	197	197	—	197	—	23,757	23,757	—	24,153
Balance at end of period	19,939	19,722	11,111	30,834	35	69,954	69,990	(0)	120,764

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	6	6	217	96,835
Changes during period				
Issuance of new shares (Exercise of subscription rights to shares)				260
Issuance of new shares (Issuance of restricted shares)				93
Dividends of surplus				(11,330)
Net income				35,088
Net changes of items other than shareholders' equity	(4)	(4)	(105)	(109)
Total changes during period	(4)	(4)	(105)	24,044
Balance at end of period	2	2	112	120,879

Note to non-consolidated financial statements

(Notes on Significant subsequent events)

(Transition to a holding company structure by company split)

The Board of Directors Meeting held on November 12, 2021 resolved to shift to a pure holding company through a company split and the Company concluded an absorption-type company split agreement with the Successor Company same day. For further details, please refer to "Notes to consolidated financial statements (Notes on Significant subsequent events)".