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February 14, 2022

Consolidated Financial Results for the Three Months Ended December 31, 2021 (Under Japanese GAAP)

Company name: Open House Group Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3288
 URL: <https://openhouse-group.co.jp/ir>
 Representative: Masaaki Arai, President and CEO
 Inquiries: Kotaro Wakatabi, Senior Managing Director and CFO
 Scheduled date to file quarterly securities report: February 14, 2022
 Supplementary material on financial results: Yes
 Holding of quarterly financial results briefing: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2021 (October 1, 2021-December 31, 2021)

(1) Consolidated operating results (cumulative) (% indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended December 31, 2021	235,255	51.7	35,041	80.7	35,418	71.5	22,653	52.6
December 31, 2020	155,119	22.2	19,394	33.6	20,647	47.0	14,842	51.6

(Note) Comprehensive income: For the three months ended December 31, 2021: ¥26,057million [83.8%]
 For the three months ended December 31, 2020: ¥14,174 million [38.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2021	179.63	179.13
December 31, 2020	117.96	117.46

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	885,694	364,026	35.0
September 30, 2021	879,913	347,143	33.4

(Reference) Equity: As of December 31, 2021 ¥ 309,736 million
 As of September 30, 2021 ¥ 293,809 million

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	50.00	—	62.00	112.00
FY 2022	—				
FY 2022 (Forecast)		62.00	—	62.00	124.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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

(% indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of 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

(Note) Revision to the forecast of consolidated results most recently announced: None

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	126,117,000 shares
As of September 30, 2021	126,117,000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2021	3,441 shares
As of September 30, 2021	3,441 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2021	126,113,559 shares
Three months ended December 31, 2020	125,824,224 shares

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts, and other special matters
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 Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of FY2021 (as of September 30, 2021)	End of FY2022 1Q (as of December 31, 2021)
Assets		
Current assets		
Cash and deposits	337,731	328,874
Trade accounts receivable and contract assets	1,929	2,199
Real estate for sale	90,402	82,525
Real estate for sale in process	337,726	359,352
Operating loans	36,878	40,610
Other	26,421	23,063
Allowance for doubtful accounts	(362)	(389)
Total current assets	830,727	836,236
Non-current assets		
Property, plant and equipment	21,297	21,828
Intangible assets	3,031	3,090
Investments and other assets	24,856	24,539
Total non-current assets	49,185	49,458
Total assets	879,913	885,694
Liabilities		
Current liabilities		
Notes payable - trade	1,166	1,253
Trade accounts payable	20,850	23,497
Electronically recorded obligations - operating	4,713	3,893
Short-term borrowings	104,684	113,020
Current portion of bonds payable	242	242
Current portion of long-term borrowings	57,142	47,426
Income taxes payable	18,239	9,677
Provisions	4,695	2,679
Other	44,503	42,401
Total current liabilities	256,237	244,092
Non-current liabilities		
Bonds payable	10,605	10,605
Long-term borrowings	264,502	265,767
Provision for share awards	257	256
Retirement benefit liability	311	320
Asset retirement obligations	150	160
Other	705	466
Total non-current liabilities	276,532	277,576
Total liabilities	532,769	521,668
Net assets		
Shareholders' equity		
Share capital	19,939	19,939
Capital surplus	29,068	29,047
Retained earnings	244,248	259,177
Treasury shares	(0)	(0)
Total shareholders' equity	293,256	308,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	11
Foreign currency translation adjustment	540	1,560
Total accumulated other comprehensive income	552	1,572
Share acquisition rights	551	522
Non-controlling interests	52,782	53,767
Total net assets	347,143	364,026
Total liabilities and net assets	879,913	885,694

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

(Millions of yen)

	Three months ended December 31, 2020 (From October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (From October 1, 2021 to December 31, 2021)
Net sales	155,119	235,255
Cost of sales	126,925	184,620
Gross profit	28,194	50,635
Selling, general and administrative expenses	8,799	15,594
Operating profit	19,394	35,041
Non-operating income		
Interest income	2	2
Dividend income	11	715
Rental income from buildings	34	30
Share of profit of entities accounted for using equity method	1,928	429
Foreign exchange gains	—	196
Other	25	62
Total non-operating income	2,003	1,437
Non-operating expenses		
Interest expenses	573	916
Commission expenses	31	111
Foreign exchange losses	83	—
Other	63	32
Total non-operating expenses	751	1,059
Ordinary profit	20,647	35,418
Profit before income taxes	20,647	35,418
Income taxes	5,799	10,379
Profit	14,847	25,038
Profit attributable to non-controlling interests	5	2,384
Profit attributable to owners of parent	14,842	22,653

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended December 31, 2020 (From October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (From October 1, 2021 to December 31, 2021)
Profit	14,847	25,038
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(1)
Foreign currency translation adjustment	(684)	1,018
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	(672)	1,019
Comprehensive income	14,174	26,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,169	23,672
Comprehensive income attributable to non- controlling interests	5	2,384

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Changes in significant subsidiaries during the period)

From the first quarter of this fiscal year, Open House Preparatory Company Co., Ltd. and eight other companies were included in the scope of consolidation.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year ended September 2022 including the first quarter. However, in case where calculation tax expenses using the estimated effective tax rate would result in a significant lack of rationality, Tax expenses were calculated by taking into account significant additions and subtractions and tax deduction items.

(Changes in accounting policies)

(Adoption of accounting standard for fair value measurement, etc.)

From the first quarter of this fiscal year, the Company began applying the revised accounting standards in accordance with transitional measures specified in "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) Paragraph 19 and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) Paragraph 44-2. This change had no impact on the consolidated quarterly financial statements.

(Segment and Other Information)

【Segment Information】

I Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)

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

	Reportable Segment						Adjustment (Note1)	Amount Recorded in consolidated quarterly statements of Income (Note2)
	Single-family homes related	Condominiums	Property resale	Others	PRESSANCE CORPORATION	Total		
Revenue								
Revenue from outside customers	121,524	262	24,621	8,711	—	155,119	—	155,119
Intersegment revenue and transfers	—	—	12	54	—	67	(67)	—
Total	121,524	262	24,633	8,766	—	155,187	(67)	155,119
Segment Income	17,045	(808)	2,579	887	—	19,704	(309)	19,394

(NOTE)

1. Adjustment of ¥ (309) million for segment income (loss) includes intersegment elimination of ¥101 million and corporate expenses of ¥ (411) 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 (loss) has been adjusted to operating income described in consolidated quarterly statements of income.

II Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)

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

(Millions of yen)

	Reportable Segment						Adjustment (Note1)	Amount Recorded in consolidated quarterly statements of Income (Note2)
	Single-family homes related	Condominiums	Property resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from contracts with customers	136,050	4,374	24,351	16,272	30,246	211,296	—	211,296
Other revenue	1	—	16,464	711	6,781	23,958	—	23,958
Revenue								
Revenue from outside customers	136,051	4,374	40,816	16,984	37,028	235,255	—	235,255
Intersegment revenue and transfers	—	—	248	57	0	306	(306)	—
Total	136,051	4,374	41,064	17,042	37,028	235,562	(306)	235,255
Segment Income (Loss)	21,799	(118)	5,324	2,202	6,272	35,481	(439)	35,041

(NOTE)

1. Adjustment of ¥ (439) million for segment income (loss) includes intersegment elimination of ¥193 million and corporate expenses of ¥ (633) 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 (loss) has been adjusted to operating income described in consolidated quarterly statements of income.
2. Notes relating to changes in reportable segments etc.
- The breakdown of Revenue from Contracts with Customers for the first quarter of the previous fiscal year is not indicated in accordance with transitional measures specified in "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12, March 31, 2020) Paragraph 28-15.

(Significant subsequent events)

(Transition to a holding company structure through Company Split)

By resolution of the Board of Directors meeting held on November 12, 2021, the Company as the Splitting Company completed an absorption-type company split agreement with Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company as the Successor Company, and became a pure holding company on January 1, 2022. The Company changed its corporate name to Open House Group, Co., Ltd., and Open House Preparatory Company Co., Ltd changed its corporate name to Open House Co., Ltd. on January 1, 2022.

1. Overview of the company split

(1) Content of eligible business

Brokerage business, U.S real estate business and business related to operational support by dispatch employees to its subsidiaries and investments, etc.

(2) Date of business combination

January 1, 2022

(3) Legal form of the business combination

The Company became the Splitting Company, and Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company, became the Successor Company.

(4) Name of the company after combination

The Splitting Company: Open House Group Co., Ltd.

The Successor Company: Open House Co., Ltd.

(5) 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. Outline of accounting treatment implemented

Based on "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and "Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019) it was treated as a transaction under common control.